LSI CORP
Form PREM14A
January 22, 2014
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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

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

LSI Corporation

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common Stock of LSI Corporation (Company common stock)

(2) Aggregate number of securities to which transaction applies:
619,438,739 shares of Company common stock, which consists of: (A) 553,364,668 shares of Company common stock issued and outstanding as of January 13, 2014; (B) 26,461,927 shares of Company common stock underlying vested options to purchase shares of Company common stock outstanding as of January 13, 2014 with an exercise price below $11.15; (C) 16,566,451 shares of Company common stock underlying unvested options to purchase shares of Company common stock outstanding as of January 13, 2014 with an exercise price below $11.15, which will be will be assumed by Avago Technologies Limited and converted into options to purchase a number of ordinary shares of Avago Technologies Limited; (D) 23,032,955 restricted stock units outstanding as of January 13, 2014 and (E) 12,738 shares of restricted stock outstanding as of January 13, 2014.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0001288 by the underlying value of the transaction of 6,579,125,519.16, which has been calculated as the sum of: (A) the product of 553,364,668 shares of Company common stock issued and outstanding as of January 13, 2014 and the merger consideration of $11.15 per share; plus (B) the product of: (i) 26,461,927 shares of Company common stock underlying options to purchase shares of Company common stock outstanding as of January 13, 2014 with an exercise price below $11.15 and (ii) the difference between $11.15 per share and the weighted-average exercise price of such options of $5.400230 per share; plus (C) the product of 23,032,955 restricted stock units as of January 13, 2014 and the merger consideration of $11.15; plus (D) the product of 12,738 shares of restricted stock as of January 13, 2014 and the merger consideration of $11.15.

(4) Proposed maximum aggregate value of transaction:
$6,579,125,519.16

(5) Total fee paid:
$847,391.37

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

DATED JANUARY 21, 2014

[ ], 2014

Dear Stockholder:

We cordially invite you to attend a special meeting of stockholders of LSI Corporation, a Delaware corporation, which we refer to as the Company, to be held on [ ], 2014 at [ ], local time, at 1320 Ridder Park Drive, San Jose, California 95131.

On December 15, 2013, the Company entered into a merger agreement providing for the acquisition of the Company by Avago Technologies Wireless (U.S.A.) Manufacturing Inc., a subsidiary of Avago Technologies Limited. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement.

If the merger contemplated by the merger agreement is completed, you will be entitled to receive $11.15 in cash, without interest, less any required tax withholding, for each share of our common stock owned by you (unless you have properly exercised your appraisal rights with respect to such shares), which represents a premium of approximately 37.4% to the average closing price of our common stock during the 30-day trading period ended on December 13, 2013 (the last trading day prior to the public announcement of the execution of the merger agreement) and a premium of approximately 41% to the closing price of our common stock on December 13, 2013.

In addition, if the merger contemplated by the merger agreement is completed, executive officers of the Company are contractually entitled to certain specified compensation described in the accompanying proxy statement in connection with the merger. At the special meeting, we will ask you to approve a proposal to approve, on an advisory (non-binding) basis, that specified compensation, which proposal we refer to as the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

The board of directors of the Company has unanimously determined that the merger is fair to, and in the best interests of, the stockholders of the Company and has unanimously approved and declared advisable the merger agreement and the merger and the other transactions contemplated by the merger agreement. The board of directors of the Company made its determination after consultation with its legal and financial advisors and consideration of a number of factors. **The board of directors of the Company unanimously recommends that you vote FOR approval of the proposal to adopt the merger agreement, FOR approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and FOR the LSI Advisory (Non-Binding) Proposal on Specified Compensation.**

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote thereon. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies, requires the affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy and entitled to vote on the matter. Approval of the LSI Advisory (Non-Binding) Proposal on Specified Compensation requires the affirmative vote of the holders of a majority of the shares of Company common stock present in person or represented by proxy and entitled to vote on the matter. However, because approval of the LSI Advisory (Non-Binding) Proposal on Specified Compensation is advisory in nature, it will not be binding upon the Company, the Company s board of directors, the Company s board of directors compensation committee, Avago Technologies Wireless (U.S.A.) Manufacturing Inc. or any affiliate of Avago Technologies Wireless (U.S.A.) Manufacturing Inc. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the advisory vote, if the merger contemplated by the merger agreement is consummated, the Company s named executive officers will be eligible to receive the various change in control payments in accordance with the terms and conditions applicable to those payments and any future amendments thereto.

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Your vote is very important. Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope, or submit your proxy by telephone or the Internet. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. **The failure to vote your shares of our common stock will have the same effect as a vote AGAINST approval of the proposal to adopt the merger agreement.**

If your shares of our common stock are held in street name by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of our common stock without instructions from you. You should instruct your bank, brokerage firm or other nominee to vote your shares of our common stock in accordance with the procedures provided by your bank, brokerage firm or other nominee. **The failure to instruct your bank, brokerage firm or other nominee to vote your shares of our common stock FOR the proposal to adopt the merger agreement will have the same effect as voting AGAINST the proposal to adopt the merger agreement.**

The accompanying proxy statement provides you with detailed information about the special meeting, the merger agreement, the merger and the LSI Advisory (Non-Binding) Proposal on Specified Compensation. A copy of the merger agreement is attached as **Annex A** to the proxy statement. We encourage you to read the entire proxy statement and its annexes, including the merger agreement, carefully. You may also obtain additional information about the Company from documents we have filed with the Securities and Exchange Commission.

If you have any questions or need assistance voting your shares of our common stock, please call The Proxy Advisory Group, LLC, the Company s proxy solicitor, toll-free at [ ].

Thank you in advance for your cooperation and continued support.

Sincerely,

ABHI TALWALKAR

Chief Executive Officer

The proxy statement is dated [ ], 2014, and is first being mailed to our stockholders on or about [ ], 2014.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE PROPOSED MERGER, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

DATED JANUARY 21, 2014

LSI Corporation

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

LSI Corporation will hold its Special Meeting of Stockholders on [ ], 2014, at [ ], local time, at the company s headquarters located at 1320 Ridder Park Drive, San Jose, California 95131. We are holding the meeting for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of December 15, 2013, as it may be amended from time to time, which we refer to as the merger agreement, by and among LSI Corporation, which we refer to as the Company or LSI, Avago Technologies Limited, a limited company organized under the laws of the Republic of Singapore, which we refer to as Avago, Avago Technologies Wireless (U.S.A.) Manufacturing Inc., a Delaware corporation and an indirect wholly owned subsidiary of Avago, which we refer to as Avago USA, and Leopold Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of Avago USA, which we refer to as Merger Sub. A copy of the merger agreement is attached as **Annex A** to the accompanying proxy statement.

2. To approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

3. To approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of the Company in connection with the merger, which we refer to as the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

4. To transact any other business that may properly come before the special meeting, or any adjournment or postponement of the special meeting, by or at the direction of the board of directors of the Company.

In accordance with our bylaws, the close of business on February 10, 2014 has been fixed as the record date for the determination of the stockholders entitled to notice of, and to vote at, the meeting or any adjournment thereof. All stockholders of record are cordially invited to attend the special meeting in person.

Your vote is very important, regardless of the number of shares of Company common stock that you own. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of Company common stock entitled to vote thereon. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares of Company common stock will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card or fail to submit your proxy by phone or the Internet, your shares of Company common stock will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

If you are a stockholder of record, voting in person at the special meeting will revoke any proxy previously submitted. If you hold your shares of Company common stock through a bank, brokerage firm or other nominee, you should follow the procedures provided by your bank, brokerage firm or other nominee in order to vote.

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The board of directors of the Company has unanimously determined that the merger is fair to, and in the best interests of, the Company and its stockholders and has unanimously approved and declared advisable the merger agreement and the merger and the other transactions contemplated by the merger agreement. The board of directors of the Company made its determination after consultation with its legal and financial advisors and consideration of a number of factors. **The board of directors of the Company unanimously recommends that you vote FOR the proposal to adopt the merger agreement, FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and FOR the LSI Advisory (Non-Binding) Proposal on Specified Compensation.**

If you plan to attend the special meeting in person, please mark the designated box on the enclosed proxy card. Alternatively, if you utilize the Internet voting system, please indicate your plans to attend the special meeting when prompted to do so by the system. If you are a stockholder of record, you should bring the bottom half of the enclosed proxy card as your admission card and present the card upon entering the special meeting. If you are planning to attend the special meeting and your shares are held in street name (by a bank or broker, for example), you should ask the record owner for a legal proxy or bring your most recent account statement to the special meeting so that we can verify your ownership of Company common stock. Please note, however, that if your shares are held in street name and you do not bring a legal proxy from the record owner, you will be able to attend the special meeting, but you will not be able to vote at the special meeting.

Stockholders of the Company who do not vote in favor of the proposal to adopt the merger agreement will have the right to seek appraisal of the fair value of their shares of Company common stock if they deliver a demand for appraisal before the vote is taken on the merger agreement and comply with all the requirements of Delaware law, which are summarized in the accompanying proxy statement and reproduced in their entirety in **Annex C** to the accompanying proxy statement.

The accompanying proxy statement provides a detailed description of the merger and the merger agreement. We urge you to read the accompanying proxy statement, including any documents incorporated by reference, and the annexes carefully and in their entirety. If you have any questions concerning the merger or the proxy statement of which this notice forms a part, would like additional copies of the proxy statement or need help voting your shares of Company common stock, please contact the Company s proxy solicitor:

The Proxy Advisory Group, LLC

18 East 41st Street, Suite 2000

New York, New York 10017

Toll-Free: [ ]

Stockholders who do not expect to attend the special meeting in person, but wish their stock to be voted on matters to be transacted at the special meeting, are urged to sign, date and mail the enclosed proxy in the accompanying envelope, to which no postage need be affixed if mailed in the United States. You also have the option of voting your shares by telephone or on the Internet. Voting instructions are printed on your proxy card. If you vote by telephone or Internet, you do not need to mail back your proxy. The prompt return of your signed proxy, regardless of the number of shares you hold, will aid the Company in reducing the expense of additional proxy solicitation. The giving of such proxy does not affect your right to vote in person in the event you attend the meeting.

By Order of the Board of Directors,

JEAN RANKIN

Executive Vice President, General Counsel and

Secretary

San Jose, California

[ ], 2014

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SUMMARY

The following summary highlights selected information in this proxy statement, first made available to stockholders on or about [ ], 2014, and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under Where You Can Find More Information, beginning on page 105.

Parties to the Merger (Page 24)

LSI Corporation, or the Company, LSI, we or us, is a Delaware corporation headquartered in San Jose, California. The Company designs semiconductors and software that accelerate storage and networking in datacenters, mobile networks and client computing. Our principal executive offices are located at 1320 Ridder Park Drive, San Jose, California 95131 and our telephone number is (408) 433-8000.

Avago Technologies Limited, or Avago, is incorporated under the laws of the Republic of Singapore. Avago is a leading designer, developer and global supplier of a broad range of analog semiconductor devices with a focus on III-V based products in three primary target markets: wireless communications, wired infrastructure and industrial & other. Avago s principal executive offices are located at 1 Yishun Avenue 7, Singapore 768923, and its telephone number is (65) 6755-7888.

Avago Technologies Wireless (U.S.A.) Manufacturing Inc., or Avago USA, is a Delaware corporation and an indirect wholly owned subsidiary of Avago. Avago USA s principal executive offices are located at 350 West Trimble Road, San Jose, California 95131, and its telephone number is (408) 435-7400.

Leopold Merger Sub, Inc. is a Delaware corporation that was formed by Avago USA solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement and the related financing transactions. Upon completion of the merger, Merger Sub will cease to exist.

In this proxy, we refer to the Agreement and Plan of Merger, dated December 15, 2013, as it may be amended from time to time, among the Company, Avago, Avago USA and Merger Sub, as the merger agreement, the merger of Merger Sub with and into the Company, as the merger, and each of the Company, Avago, Avago USA and Merger Sub as a party.

The Special Meeting (Page 26)

Time, Place and Purpose of the Special Meeting (Page 26)

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting to be held on [ ], 2014 at [ ], local time, at 1320 Ridder Park Drive, San Jose, California 95131 or at any postponement or adjournment thereof.

At the special meeting, holders of common stock of the Company, par value $0.01 per share, which we refer to as Company common stock, will be asked to approve the proposal to adopt the merger agreement, to approve the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement, and to approve the proposal to

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approve, in an advisory (non-binding) vote, the compensation that may be payable to our named executive officers in connection with the merger, which we refer to as the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Record Date and Quorum (Page 26)

We have fixed the close of business on February 10, 2014 as the record date for the special meeting, and only holders of record of Company common stock on the record date are entitled to vote at the special meeting. You are entitled to receive notice of, and to vote at, the special meeting if you owned shares of Company common stock at the close of business on the record date. On the record date, there were [ ] shares of Company common stock outstanding and entitled to vote. Each share of Company common stock entitles its holder to one vote on all matters properly coming before the special meeting. The holders of a majority of the voting power of the issued and outstanding shares of the Company entitled to vote thereat, present in person or represented by proxy, will constitute a quorum for the transaction of business at the special meeting.

Vote Required (Page 27)

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Company common stock entitled to vote thereon.

Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies, requires the affirmative vote of holders of a majority of the voting power of the issued and outstanding shares of Company common stock entitled to vote thereon, present and voting, in person or represented by proxy on the matter at the special meeting.

Assuming a quorum is present, approval of the LSI Advisory (Non-Binding) Proposal on Specified Compensation requires the affirmative vote of holders of a majority of the voting power of the issued and outstanding shares of Company common stock entitled to vote thereon, present and voting, in person or represented by proxy on the matter at the special meeting. Because this vote is advisory in nature only, it will not be binding on either the Company, Avago USA or any affiliate of Avago USA. Approval of the LSI Advisory (Non-Binding) Proposal on Specified Compensation is not a condition to completion of the merger, and failure to adopt the LSI Advisory (Non-Binding) Proposal on Specified Compensation will have no effect on the vote to approve the merger agreement. Accordingly, because we are contractually obligated to pay the compensation, the compensation will be payable, subject only to the conditions applicable thereto and any future amendments thereto, regardless of the outcome of the advisory vote. Additional information about this advisory vote is provided in the section of this proxy statement entitled LSI Advisory (Non-Binding) Proposal on Specified Compensation (Proposal No. 3) beginning on page 98.

As of February 10, 2014, the record date, the directors and executive officers of the Company beneficially owned and were entitled to vote, in the aggregate, [ ] shares of Company common stock, representing [ ]% of the outstanding shares of Company common stock on the record date. The directors and executive officers have informed the Company that they currently intend to vote all of their shares of Company common stock **FOR** the proposal to adopt the merger agreement, **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and **FOR** the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Proxies and Revocation (Page 29)

Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, over the Internet, by returning the enclosed proxy card in the accompanying prepaid reply

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envelope or may vote in person by appearing at the special meeting. If your shares of Company common stock are held in street name through a bank, brokerage firm or other nominee, you should instruct your bank, brokerage firm or other nominee on how to vote your shares of Company common stock using the instructions provided by your bank, brokerage firm or other nominee. If you fail to submit a proxy or vote in person at the special meeting, or do not provide your bank, brokerage firm or other nominee with voting instructions, as applicable, your shares of Company common stock will not be voted on the proposal to adopt the merger agreement, which will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, but will not have an effect on approval of the proposal to adjourn the special meeting or the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting at a later date through any of the methods available to you, by giving written notice of revocation to our Corporate Secretary, which must be filed with our Corporate Secretary by the time the special meeting begins, or by attending the special meeting and voting in person.

The Merger (Page 32)

The merger agreement provides that Merger Sub will merge with and into the Company. The Company will be the surviving corporation in the merger and will continue to do business following the merger. As a result of the merger, the Company will cease to be a publicly traded company. If the merger is completed, you will not own any shares of the capital stock of the surviving corporation.

In the merger, each outstanding share of Company common stock (except for shares of Company common stock held in the treasury of the Company immediately prior to the effective time of the merger, shares owned by Avago USA or Merger Sub and shares owned by stockholders of the Company who have properly demanded appraisal rights, which we refer to collectively as the excluded shares) will be converted into the right to receive $11.15 in cash, which amount we refer to as the per share merger consideration, without interest, less any required tax withholding.

Reasons for the Merger; Recommendation of the Board of Directors (Page 40)

After careful consideration of various factors described in the section entitled The Merger Reasons for the Merger; Recommendation of the Board of Directors, the board of directors of the Company, which we refer to as the board of directors, unanimously determined that the proposed merger was advisable, fair to, and in the best interests of, the stockholders of the Company, unanimously approved the merger agreement and transactions contemplated thereby, including the merger, directed that the merger agreement be submitted to our stockholders for adoption and approval, and unanimously recommended that our stockholders vote in favor of the adoption and approval of the merger agreement.

In considering the recommendation of our board of directors with respect to the proposal to adopt the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, yours. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. See the section entitled The Merger Interests of Certain Persons in the Merger beginning on page 57.

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The board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement, FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and FOR the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Opinion of Qatalyst Partners LP (Page 44)

We retained Qatalyst Partners LP, which we refer to as Qatalyst Partners, to act as our financial advisor in connection with the merger. We selected Qatalyst Partners to act as our financial advisor based on Qatalyst Partners qualifications, expertise, reputation and knowledge of our business and affairs and the industry in which we operate. At the meeting of our board of directors on December 15, 2013, Qatalyst Partners rendered its oral opinion, subsequently confirmed in writing, that as of December 15, 2013, and based upon and subject to the considerations, limitations and other matters set forth therein, the consideration to be received by the holders of Company common stock, other than Avago USA or any affiliates of Avago USA, pursuant to the merger agreement was fair, from a financial point of view, to such holders.

The full text of the written opinion of Qatalyst Partners, dated December 15, 2013, is attached to this proxy statement as **Annex B** and is incorporated into this proxy statement by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Qatalyst Partners in rendering its opinion. You should read the opinion carefully in its entirety. Qatalyst Partners opinion was provided to our board of directors and addressed only, as of the date of the opinion, the fairness from a financial point of view, of the consideration to be received by the holders of Company common stock, other than Avago USA or any affiliates of Avago USA, pursuant to the merger agreement. It does not address any other aspect of the merger and does not constitute a recommendation as to how any of our stockholders should vote with respect to the merger or any other matter. For a further discussion of Qatalyst Partners opinion, see The Merger Opinion of Qatalyst Partners LP beginning on page 44.

Financing of the Merger (Page 53)

We anticipate that the total funds needed to complete the merger, including the funds needed to:

- pay our stockholders (and holders of our other equity-based interests) the amounts due to them under the merger agreement, which, based upon the number of shares (and our other equity-based interests) outstanding as of December 31, 2013, would be approximately $6.6 billion; and
- pay fees and expenses related to the merger and the debt that will finance the merger,

will be funded through a combination of:

- $1 billion of cash from the combined balance sheet of Avago and the Company;
- a $1 billion investment from Silver Lake Partners IV, L.P. in the form of seven year 2% convertible senior notes with a conversion price of $48.04 per share initially (subject to adjustment under certain circumstances) or preferred stock with equivalent economic terms; and
- a $4.6 billion term loan facility from a group of lenders.

Avago Technologies Finance Pte. Ltd., a company incorporated under the Singapore Companies Act, and an indirect wholly owned subsidiary of Avago, which we refer to as Avago Finance, has obtained the debt commitment letter described below, and Avago has entered into the note purchase

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agreement described below, which we refer to collectively with certain other related documents as the financing documents. The funding under those financing documents is subject to certain conditions, including conditions that do not relate directly to the merger agreement. We believe the amounts committed under the financing documents, together with the $1 billion of cash from the combined balance sheet of Avago and the Company, will be sufficient to complete the merger, but we cannot assure you of that. Those amounts might be insufficient if, among other things, one or more of the parties to the financing documents fail to fund the committed amounts in breach of such financing documents or if the conditions to such commitments are not met. Although obtaining the proceeds of any financing, including the financing under the financing documents, is not a condition to the completion of the merger, the failure of Avago Finance to obtain any portion of the committed financing (or alternative financing) is likely to result in the failure of the merger to be completed. In that case, Avago USA may be obligated to pay the Company a reverse termination fee, which we refer to as the Avago termination fee, of $400 million as described under The Merger Agreement Termination Fees beginning on page 89.

Debt Financing (Page 54)

In connection with entering into the merger agreement, Avago Finance received a commitment letter from Deutsche Bank Securities Inc., which we refer to as Deutsche Bank, Deutsche Bank AG New York Branch, which we refer to as Deutsche Bank NY, Barclays Bank PLC, which we refer to as Barclays, Citigroup Global Markets Inc., which we refer to, collectively with its affiliates, as Citi, Merrill Lynch, Pierce, Fenner & Smith Incorporated, which we refer to as Merrill Lynch, and Bank of America, N.A., which we refer to as BofA, pursuant to which, among other things, each of Deutsche Bank, Deutsche Bank NY, Barclays, Citi, Merrill Lynch and BofA (together with any other lending entity and/or arranger that becomes party to the commitment letter, which we refer to as the commitment parties in this proxy statement) have severally agreed to provide debt financing to Avago Finance for purposes of consummating the merger. We refer to this commitment letter, as it may be amended in accordance with the merger agreement, as the debt commitment letter in this proxy statement. The financing contemplated under the debt commitment letter is referred to as the debt financing in this proxy statement. See The Merger Agreement Financing of the Merger beginning on page 53 of this proxy statement for additional information with respect to obligations of the Company, Avago and Avago Finance in connection with the debt commitment letter.

We believe the amounts described in the debt commitment letter, coupled with $1 billion of cash to be paid from the combined balance sheet of Avago and the Company and the $1 billion of cash received by Avago in connection with its issuance of $1 billion aggregate principal amount of Avago s 2.0% Convertible Senior Notes due 2021, as described below, will be sufficient to complete the merger, but we cannot assure you of that. Those amounts might be insufficient if, among other things, we have substantially less cash on hand or Avago or Avago USA have substantially lower net proceeds from the debt financing than we currently expect.

Convertible Notes (Page 55)

Avago has entered into a note purchase agreement, which we refer to as the purchase agreement, to sell to Silver Lake Partners IV, L.P., which we refer to as Silver Lake, for $1 billion of cash $1 billion aggregate principal amount of Avago s 2.0% Convertible Senior Notes due 2021, which we refer to as the notes. We refer to the sale of the notes as the note financing in this proxy statement.

The completion of the private placement of the notes is contingent on satisfaction or waiver of customary conditions, as well as a requirement that the merger have been consummated or be

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consummated substantially simultaneously with the issuance of the notes under the purchase agreement, and Avago having received, or that substantially simultaneously with the closing under the purchase agreement, Avago will receive the proceeds of the debt financing in an amount sufficient (together with the proceeds of the notes and $1 billion of cash from the combined balance sheet of Avago and the Company) to consummate the merger contemplated by the merger agreement and the refinancing of Avago s existing credit agreement. The purchase agreement provides that the private placement to Silver Lake will be completed either simultaneously with the closing of the merger or on such date as is mutually agreed upon in writing by Avago and Silver Lake. The purchase agreement may be terminated at any time before consummation of the private placement of the notes by mutual consent of Avago and Silver Lake, or by either Avago or Silver Lake if (a) the consummation of the private placement of the notes shall not have occurred on or prior to September 23, 2014 or (b) the merger agreement is terminated for any reason.

The notes will be issued under an indenture between Avago and a trustee and will bear interest at a rate of 2.0% per annum, payable semiannually in cash. The notes will mature on the 1st or 15th day of the month following the later of three months past the Term Loan B maturity date contemplated by the debt commitment letters (as defined in the purchase agreement) or seven years from the date of issuance of the notes, subject to earlier conversion, redemption or repurchase. The initial conversion rate for the notes is 20.8160 shares of Avago s ordinary shares, no par value, which we refer to as the Avago shares, and cash in lieu of any fractional Avago shares, per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $48.04 per Avago share. The conversion rate will be subject to adjustment from time to time upon the occurrence of certain events.

Avago and Silver Lake will also enter into a registration rights agreement pursuant to which Silver Lake will have certain registration rights with respect to the notes and the Avago shares issuable upon conversion of the notes.

The foregoing description of the indenture, purchase agreement and registration rights agreement does not purport to be complete and is qualified in its entirety by reference to the full text of each such document, which are filed with the SEC on December 16, 2013, with an amendment to Avago s Current Report on Form 8-K.

Interests of Certain Persons in the Merger (Page 57)

When considering the recommendation of our board of directors that you vote to approve the proposal to adopt the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, those of our stockholders generally. These interests are described in the section entitled Interests of Certain Persons in the Merger, beginning on page 57 of this proxy statement. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. These interests include acceleration of certain equity awards, potential payments and benefits on a qualifying termination of employment and the payment of retention awards for continued service.

Material U.S. Federal Income Tax Consequences of the Merger (Page 62)

The exchange of shares of our common stock for cash pursuant to the merger will generally be a taxable transaction to U.S. holders and certain non-U.S. holders (both terms defined below in The Merger Material U.S. Federal Income Tax Consequences of the Merger) for U.S. federal income tax purposes. A U.S. holder (or a non-U.S. holder that is subject to U.S. federal income tax on its gain from the

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merger) who exchanges shares of our common stock for cash in the merger generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received (determined before deduction of any applicable withholding taxes) with respect to such shares and the stockholder s adjusted tax basis in such shares. This may also be a taxable transaction under applicable state, local and/or foreign income or other tax laws. You should consult your tax advisor for complete analysis of the U.S. federal, state, local and/or foreign tax consequences of the merger to you. See The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 62 of this proxy statement.

Regulatory Approvals and Notices (Page 64)

Under the terms of the merger agreement, the merger cannot be completed until the waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules promulgated thereunder (together, the HSR Act) has expired or been terminated.

Under the HSR Act, the merger cannot be completed until each of the Company and Avago USA files a notification and report form with the Federal Trade Commission, which we refer to as the FTC, and the Antitrust Division of the Department of Justice, which we refer to as the DOJ, and the applicable waiting period has expired or been terminated. Each of the Company and Avago USA filed such a notification and report form on December 30, 2013 and each requested early termination of the waiting period.

Additionally, under the merger agreement, the merger cannot be completed until affirmative approval or clearance required under the antitrust laws of the People s Republic of China, the Russian Federation and the Federal Republic of Germany have been obtained or deemed to have been obtained. Initial notifications were submitted on December 30, 2013. On January 17, 2014, the Bundeskartellamt (Federal Cartel Office) of the Federal Republic of Germany approved the merger. The antitrust authorities of the remaining two jurisdictions will analyze the information in the notifications and consult with third parties. Upon their investigation, the authorities can decide to approve the transaction unconditionally, prolong the investigation, impose remedies or conditions, or prohibit the transaction. There can be no assurance that the transaction will be approved or approved unconditionally.

Finally, Avago, Avago USA and Merger Sub are not required to complete the merger until any review or investigation by the Committee on Foreign Investment in the United States, which we refer to as CFIUS, pursuant to the Defense Protection Act of 1950, which we refer to as the DPA, of the merger has been concluded, and either (i) the parties have received written notice that a determination by CFIUS has been made that there are no unresolved issues of national security in connection with the transactions contemplated by the merger agreement, or (ii) the President of the United States has determined not to use his powers to unwind, suspend or prohibit the consummation of the transactions contemplated by the merger agreement.

The Merger Agreement (Proposal No. 1) (Page 67)

Treatment of Company Common Stock, Options, Restricted Stock, and Restricted Stock Units (Page 69)

At the effective time of the merger:

Each share of Company common stock issued and outstanding immediately prior to the effective time of the merger, other than the excluded shares, will be converted into the right to receive the per share merger consideration, without interest, less any required tax withholding;

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Each Company option that is vested and unexercised immediately prior to the effective time of the merger (including any options that are not assumed and vest in connection with the merger by virtue of such non-assumption) will be converted into the right to receive, with respect to each share previously subject to such option, the excess, if any, of the per share merger consideration over the exercise price per share of such option, without interest, less any required tax withholding. If the exercise price per share of any vested Company option is equal to or greater than the per share merger consideration, such company option will be cancelled without any cash payment;

Each Company option that is outstanding and unvested and held by an individual, who at the effective time of the merger, continues their employment with the Company or any of its subsidiaries or remains or becomes an employee of the surviving corporation as required by applicable law, which we refer to as a continuing employee, or individual who at the effective time of the merger will continue service as a non-employee service provider with the Company or any of its subsidiaries, which we refer to as a continuing service provider, will be assumed by Avago and converted into an option to purchase a number of Avago ordinary shares equal to the number of shares of Company common stock subject to such option multiplied by the fraction (such ratio, the Exchange Ratio) the numerator of which is the per share merger consideration and the denominator of which is the volume weighted average price for an Avago ordinary share for the five trading days immediately prior to (and excluding) the closing date (rounded down to the nearest whole share), and the exercise price for each Avago ordinary share underlying such option will be equal to the exercise price per share of Company common stock subject to such LSI stock option divided by the Exchange Ratio (rounded up to the nearest whole cent);

Each share of Company restricted stock that is outstanding immediately prior to the effective time of the merger will be cancelled immediately prior to the effective time of the merger and converted into the right to receive a cash payment, upon the same vesting schedule in place immediately prior to the effective time, equal to the merger consideration, without interest, less any required tax withholding; and

Each Company restricted stock unit that is outstanding immediately prior to the effective time of the merger and held by a continuing employee or a continuing service provider will be assumed and converted into a restricted stock unit denominated in the number of Avago ordinary shares equal to the number of shares of Company common stock underlying such LSI restricted stock unit multiplied by the Exchange Ratio (rounded down to the nearest whole share). Each Company restricted stock unit that is not assumed will become fully vested and cancelled immediately prior to the effective time of the merger and will be converted into the right to receive the per share merger consideration, without interest, less any required tax withholding.

Treatment of Employee Stock Purchase Plan (Page 70)

The Employee Stock Purchase Plan will not accept any new participants and the current offering period will end on the last day of the payroll period ending immediately prior to the effective time of the merger (if it does not end sooner pursuant to the terms of the Employee Stock Purchase Plan). The Employee Stock Purchase plan will terminate as of the final date of the current offering period.

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No Solicitation of Acquisition Proposals (Page 79)

We have agreed to immediately cease and cause to be terminated any activities, discussions or negotiations with any parties that may have been ongoing with respect to an acquisition proposal and to instruct such parties to return to us or destroy any confidential information that had been provided in any such activities, discussions or negotiations.

From the date of the merger agreement until the effective time of the merger or, if earlier, the termination of the merger agreement in accordance with its terms, we will not and will cause our subsidiaries, and our and our subsidiaries respective representatives, not to, directly or indirectly:

- solicit, initiate, seek or knowingly encourage, facilitate, induce or support any announcement, communication, inquiry, expression of interest, proposal or offer that constitutes or could reasonably be expected to lead to an acquisition proposal;
- enter into, participate in, maintain or continue any discussions or negotiations relating to, any acquisition proposal with any third party, other than solely to state that the Company, its subsidiaries and their representatives are prohibited from engaging in any such discussions or negotiations;
- furnish to any third party any non-public information that could reasonably be expected to be used for the purposes of formulating any inquiry, expression of interest, proposal or offer relating to an acquisition proposal from such third party, other than any information disclosed in the ordinary course consistent with past practices and not known by us to be used for the purposes of formulating any inquiry, expression of interest, proposal or offer relating to an acquisition proposal;
- accept any acquisition proposal or enter into any agreement, arrangement or understanding relating to any acquisition proposal; or
- submit any acquisition proposal or any matter related thereto to the vote of our stockholders.

At any time before our stockholders adopt the merger agreement and so long as we are not in material breach of our non-solicitation obligations under the merger agreement, if we receive a bona fide, written acquisition proposal, we and our board of directors may engage in negotiations or discussions with, or furnish any information to, any third party making such proposal and its representatives if our board of directors determines in good faith, after consultation with its outside legal and financial advisors, that such acquisition proposal constitutes, or is reasonably likely to result in, a superior proposal and that such action is necessary to comply with our directors fiduciary duties to our stockholders under the General Corporation Law of the State of Delaware, which we refer to as the DGCL. We may not, and shall not allow any of our subsidiaries or our subsidiaries representatives to, furnish any information to any such third party making the acquisition proposal without first entering into a confidentiality agreement containing customary limitations on the use and disclosure of all non-public written and oral information furnished to such third party by or on our or our subsidiaries behalf and containing standstill provisions no less favorable to us than the standstill provisions contained in the confidentiality agreement we entered into with Avago, and promptly providing to Avago USA any such information provided to such third party. These standstill provisions would not restrict such third party from proceeding with its proposal, requesting and receiving non-public information about us and our subsidiaries, engaging in discussions with us with respect to the proposal and, if our board determines that the proposal constitutes a superior proposal and provided that we comply with our non-solicitation obligations under the merger agreement, entering into a definitive agreement with us with respect to the proposal.

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The merger agreement provides that prior to obtaining the approval of our stockholders of the proposal to adopt the merger agreement, our board of directors, with respect to an acquisition proposal it receives from a third party, may change its recommendation that our stockholders vote to adopt the merger agreement and terminate the merger agreement in order to execute or otherwise enter into a binding definitive agreement to effect a transaction constituting a superior proposal if our board of directors determines in good faith, after consultation with its outside counsel and financial advisors, that such acquisition proposal constitutes a superior proposal and that such action is necessary to comply with our directors fiduciary duties to our stockholders under the DGCL. Prior to our board of directors changing its recommendation or terminating the merger agreement, we must satisfy certain requirements to give Avago USA prior notice of our board of directors intent to change its recommendation or terminate the agreement, provide Avago USA with a copy of the acquisition proposal and allow Avago USA four business days in which to negotiate changes to the merger agreement with us such that the acquisition proposal is no longer a superior proposal.

The merger agreement also provides that prior to obtaining the approval of our stockholders of the proposal to adopt the merger agreement, our board of directors may change its recommendation that our stockholders vote to adopt the merger agreement if our board of directors has determined in good faith, after consultation with its outside counsel, that, in light of an intervening event and taking into account the results of any negotiations with Avago USA and any resulting offer from Avago USA, such action is necessary to comply with fiduciary duties owed by our board of directors to our stockholders under the DGCL, upon our compliance with certain requirements to give Avago USA prior notice of our board of directors intent to change its recommendation, the reasons for doing so and allow Avago USA four business days in which to negotiate changes to the merger agreement with us that would obviate the need for our board of directors to change its recommendation that our stockholders vote to adopt the merger agreement.

Conditions to the Merger (Page 86)

The respective obligations of the Company, Avago USA and Merger Sub to consummate the merger are subject to the satisfaction or waiver of certain customary conditions, including the adoption of the merger agreement by our stockholders, the expiration or termination of the waiting period under the HSR Act, the receipt of affirmative approval or clearance required under the antitrust laws of the People s Republic of China, the Russian Federation and the Federal Republic of Germany, the absence of any restraining orders, injunctions or other legal restraints prohibiting or preventing the merger, the accuracy of the representations and warranties of the parties, and compliance by the parties with their respective obligations under the merger agreement. The obligation of Avago USA and Merger Sub to consummate the merger is also subject to the absence of any event, change or occurrence that has had, individually or in the aggregate, a Company material adverse effect, as described under The Merger Agreement Representations and Warranties beginning on page 73, and is subject to either (i) the receipt of written notice by the parties that a determination by CFIUS has been made that there are no unresolved issues of national security in connection with the transactions contemplated by the merger agreement, or (ii) a determination by the President of the United States not to take any action under the DPA.

Termination (Page 88)

The Company and Avago USA may, by mutual written agreement, terminate the merger agreement and abandon the merger at any time prior to the effective time of the merger, whether before or after the adoption of the merger agreement by our stockholders.

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Subject to certain exceptions, either Avago USA or the Company may also terminate the merger agreement at any time prior to the effective time of the merger if:

- the merger has not been consummated on or before September 23, 2014, which we refer to as the end date;
- any governmental entity having competent jurisdiction shall have issued any order, injunction or other decree or taken any other action (including the failure to have taken an action), in each case, which has become final and non-appealable and which permanently restrains, enjoins or otherwise prohibits the merger; or
- the affirmative vote of the holders of outstanding Company common stock representing at least a majority of all the votes entitled to be cast thereupon by holders of Company common stock to adopt the merger agreement and approve the transactions contemplated by the merger agreement is not obtained at the special meeting or any adjournment or postponement thereof at which the merger agreement and the transactions contemplated by the merger agreement have been voted upon, except that a party shall not be permitted to terminate the merger agreement for this reason if the failure to obtain such stockholder approval results from a breach of the merger agreement by such party at or prior to the closing of the merger.

Subject to certain exceptions, we may also terminate the merger agreement if:

- (i) any representation or warranty of Avago, Avago USA or Merger Sub set forth in the merger agreement is inaccurate or becomes inaccurate following entry into the merger agreement or (ii) Avago, Avago USA or Merger Sub breach their covenants or obligations under the merger agreement in any material respect, in each case, such that our closing conditions related to such representations, warranties, covenants or obligations would not be satisfied, except if such inaccuracy or breach is curable by Avago, Avago USA or Merger Sub during the 30 day period after we notify Avago USA of such inaccuracy or breach, we may not terminate the merger agreement as a result of such breach or failure before the expiration of such 30 day notice period unless Avago, Avago USA or Merger Sub, as applicable, is no longer continuing to exercise reasonable best efforts to cure such breach or inaccuracy;
- (i) the marketing period, as defined in The Merger Agreement Closing and Effective Time of the Merger; Marketing Period, has ended, (ii) all of the other conditions to closing of the merger (other than those to be satisfied at the closing) have been satisfied, (iii) we have irrevocably confirmed in writing that we are prepared to consummate the merger, and (iv) Avago USA fails to consummate the merger within three business days after the delivery of such notice and we stood ready, willing and able to consummate the merger and the other transactions contemplated by the merger agreement to occur at the consummation of the merger through the end of such three business day period; or
- at any time before our stockholders adopt the merger agreement, (i) our board of directors determines to enter into an alternative acquisition agreement with respect to a superior proposal and (ii) we have complied in all material respects with the non-solicitation, notice and other requirements of the merger agreement described under The Merger Agreement No Solicitation of Acquisition Proposals beginning on page 79 (provided that we pay to Avago USA the termination fee of $200 million, in circumstances described under The Merger Agreement Termination Fees beginning on page 89).

Subject to certain exceptions, Avago USA may also terminate the merger agreement if:

- there shall have occurred a Company material adverse effect;

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a triggering event, as described under The Merger Agreement Termination beginning on page 88, occurs; or

(i) any representation or warranty of ours in the merger agreement is inaccurate or becomes inaccurate following entry into the merger agreement or (ii) we breach our covenants or obligations under the merger agreement in any material respect, in each case such that the closing conditions of Avago, Avago USA and Merger Sub related to such representations, warranties, covenants or agreements would not be satisfied except if such breach or failure is curable by us during the 30 day period after Avago USA notifies us of such inaccuracy or breach, Avago USA may not terminate the merger agreement as a result of such breach or failure before the expiration of such 30 day notice period unless we are no longer continuing to exercise reasonable best efforts to cure such breach or inaccuracy.

Termination Fees (Page 89)

If the merger agreement is terminated in certain circumstances described under The Merger Agreement Termination Fees beginning on page 89:

the Company may be obligated to pay a termination fee, which we refer to as the Company termination fee, to Avago USA of $200 million; and

Avago USA may be obligated to pay us the Avago termination fee of $400 million.

Remedies (Page 92)

The parties are entitled to specific performance, including an injunction or injunctions to prevent breaches of the merger agreement and to enforce specifically the terms and provisions of the merger agreement, in addition to any other remedy to which they are entitled at law or in equity.

If the merger agreement is terminated under circumstances in which the Avago termination fee is paid to us, we will not be entitled to seek or obtain (i) specific performance to enforce the observance or performance of, (ii) an injunction restraining the breach of, or (iii) damages or any other remedy at law or in equity relating to any breach of, any covenant or obligation of Avago, Avago USA or Merger Sub.

If the merger agreement is terminated under circumstances in which the Company termination fee is paid to Avago USA, none of Avago, Avago USA or Merger Sub will be entitled to seek or obtain (i) specific performance to enforce the observance or performance of, (ii) an injunction restraining the breach of, or (iii) damages or any other remedy at law or in equity relating to any breach of, any of our covenants or obligations.

Market Price Data and Dividend Information (Page 94)

The closing price of Company common stock on the NASDAQ Global Select Market, which we refer to as the NASDAQ, on December 13, 2013, the last trading day prior to the public announcement of the merger agreement, was $7.91 per share of Company common stock. On [ ], the most recent practicable date before this proxy statement was mailed to our stockholders, the closing price for Company common stock on the NASDAQ was [ ] per share of Company common stock. You are encouraged to obtain current market quotations for Company common stock in connection with voting your shares of Company common stock.

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LSI Advisory (Non-Binding) Proposal on Specified Compensation (Proposal No. 3) (Page 98)

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, we are providing our stockholders with the opportunity to cast an advisory (non-binding) vote on the compensation that may be payable to our named executive officers in connection with the merger, the value of which is set forth in the table included in the section of this proxy statement entitled The Merger Specified Compensation That May Become Payable to Our Named Executive Officers in Connection With the Merger beginning on page 60. As required by Section 14A of the Exchange Act, we are asking our stockholders to vote on the adoption of the following resolution:

RESOLVED, that the compensation that may be paid or become payable to LSI Corporation s named executive officers in connection with the merger, as disclosed in the table in the section of the joint proxy statement/prospectus statement entitled The Merger Specified Compensation That May Become Payable to Our Named Executive Officers in Connection With the Merger , including the associated narrative discussion, are hereby APPROVED.

The vote on executive compensation payable in connection with the merger is a vote separate and apart from the vote to approve the merger. Accordingly, our stockholders may vote to approve the executive compensation and vote not to approve the merger and vice versa. Because the vote is advisory in nature only, it will not be binding on us. Accordingly, because we are contractually obligated to pay the compensation, the compensation will be payable, subject only to the conditions applicable thereto and any future amendments thereto, regardless of the outcome of the advisory vote. Additional information about this advisory vote is provided in the section of this proxy statement entitled LSI Advisory (Non-Binding) Proposal on Specified Compensation (Proposal No. 3) beginning on page 98.

The board of directors unanimously recommends that you vote FOR the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Appraisal Rights (Page 99)

Under Delaware law, holders of our common stock who follow certain specified procedures and who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares of our common stock as determined by the Delaware Court of Chancery if the merger is completed, but only if they comply with all requirements of Delaware law (including Section 262 of the DGCL, the text of which can be found in **Annex C** of this proxy statement), which are summarized in this proxy statement. This appraisal amount could be more than, the same as, or less than the merger consideration. Any holder of our common stock intending to exercise appraisal rights, among other things, must submit a written demand for an appraisal to us prior to the vote on the adoption of the merger agreement and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your ability to seek and obtain appraisal rights.

Delisting and Deregistration of Company Common Stock (Page 103)

If the merger is completed, Company common stock will be delisted from the NASDAQ and deregistered under the Exchange Act. As such, we would no longer file periodic reports with the Securities and Exchange Commission, which we refer to as the SEC, on account of Company common stock.

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Conduct of Our Business if the Merger is Not Completed (Page 103)

In the event that the merger agreement is not adopted by our stockholders or if the merger is not completed for any other reason, our stockholders would not receive any consideration from Avago, Avago USA or Merger Sub for their shares of our common stock. Instead, we would remain an independent public company, our common stock would continue to be listed and traded on the NASDAQ and our stockholders would continue to be subject to the same risks and opportunities as they currently are subject to with respect to their ownership of our common stock. If the merger is not completed, there can be no assurance as to the effect of these risks and opportunities on the future value of our shares, including the risk that the market price of our common stock may decline to the extent that the current market price of our stock reflects a market assumption that the merger will be completed. If the merger is not completed, our business could be disrupted, including our ability to retain and hire key personnel, potential adverse reactions or changes to our business relationships and uncertainty surrounding our future plans and prospects.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the special meeting and the merger. These questions and answers may not address all questions that may be important to you as a Company stockholder. Please refer to the Summary and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement, which you should read carefully and in their entirety. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under Where You Can Find More Information beginning on page 105.

Q. What is the proposed transaction and what effects will it have on the Company?

A. The proposed transaction is the acquisition of the Company by Avago USA pursuant to the merger agreement. If the proposal to adopt the merger agreement is approved by our stockholders and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will merge with and into the Company, with the Company being the surviving corporation. As a result of the merger, the Company will become a subsidiary of Avago USA and will no longer be a publicly held corporation, and you will no longer have any interest in our future earnings or growth. In addition, the Company common stock will be delisted from the NASDAQ and deregistered under the Exchange Act, and we will no longer file periodic reports with the SEC on account of the Company common stock.

Q. What will I receive if the merger is completed?

A. Upon completion of the merger, you will be entitled to receive the per share merger consideration of $11.15 in cash, without interest, less any required tax withholding, for each share of Company common stock that you own, unless you have properly exercised and not withdrawn your appraisal rights under the DGCL with respect to such shares. You will not own any shares of the capital stock in the surviving corporation.

Q. How does the per share merger consideration of $11.15 in cash compare to the market price of Company common stock prior to announcement of the merger?

A. The per share merger consideration of $11.15 in cash represents a premium of approximately 37.4% to the average closing share price of Company common stock during the 30-day trading period ended on December 13, 2013, the last trading day prior to the public announcement of the merger agreement, and a premium of approximately 41% to the closing share price of Company common stock on December 13, 2013.

Q. After the merger is completed, how will I receive the cash for my shares?

A. Promptly after the merger is completed, the paying agent appointed by Avago USA will mail written instructions on how to exchange your Company common stock certificates for the per share merger consideration, without interest, less any required tax withholding. You will receive cash for your shares from the paying agent after you comply with these instructions, unless you have properly exercised and not withdrawn your appraisal rights under the DGCL with respect to such shares.

Q. What will be the consequences of the merger to the Company s directors and officers?

A. A number of the Company s directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of the Company stockholders generally. These interests include acceleration of certain equity awards, potential payments and benefits on a qualifying termination of employment and the payment of retention awards for continued service.

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For a description of these interests, see The Merger Interests of Certain Persons in the Merger beginning on page 57.

Q. Who will be the directors of the Company if the merger is completed?

A. If the merger is completed, the Company s board of directors following the completion of the merger will be composed of the directors of Merger Sub at the effective time of the merger and all directors of the Company immediately prior to the completion of the merger will cease to be Company directors as of the time of the completion of the merger.

Q: How will I receive the cash if I have lost my stock certificate?

A: If your stock certificate is lost, stolen or destroyed, you must deliver an affidavit and may be required by Avago USA to post a bond as indemnity against any claim that may be made with respect to such certificate prior to receiving the per share merger consideration, without interest, less any required tax withholding.

Q. How does the board of directors recommend that I vote?

A. The board of directors unanimously recommends that you vote **FOR** the proposal to adopt the merger agreement, **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and **FOR** the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Q. When do you expect the merger to be completed?

A. We are working toward completing the merger as quickly as possible, and we anticipate that the merger will be completed in the first half of 2014, subject to the satisfaction or waiver of all closing conditions. However, the exact timing of the completion of the merger cannot be predicted. In order to complete the merger, we must obtain stockholder approval for the merger agreement and the closing conditions under the merger agreement must be satisfied or waived. See The Merger Agreement Conditions to the Merger beginning on page 86 of this proxy statement.

Q. What governmental and regulatory approvals are required?

A. Under the terms of the merger agreement, the merger cannot be completed until the waiting period applicable to the merger under the HSR Act has expired or been terminated. Additionally, under the terms of the merger agreement, the merger cannot be completed until affirmative approval or clearance required under the antitrust laws of the People s Republic of China, the Russian Federation and the Federal Republic of Germany have been obtained or are deemed to have been obtained. On January 17, 2014, the Bundeskartellamt (Federal Cartel Office) of the Federal Republic of Germany approved the merger.

Also, under the merger agreement, Avago, Avago USA and Merger Sub are not required to complete the merger until any review or investigation by CFIUS of the merger has been concluded and either (i) the parties have received written notice that a determination by CFIUS has been made that there are no unresolved issues of national security in connection with the transactions contemplated by the merger agreement, or (ii) the President of the United States has determined not to use his powers to unwind, suspend or prohibit the consummation of the transactions contemplated by the merger agreement.

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Q. What happens if the merger is not completed?

A. If the merger agreement is not adopted by the stockholders of the Company or if the merger is not completed for any other reason, the stockholders of the Company will not receive any payment for their shares of Company common stock in connection with the merger. Instead, the Company will remain an independent public company, and the Company s common stock will continue to be listed and traded on the NASDAQ. Under specified circumstances, the Company may be required to pay to Avago USA (or its designee), or may be entitled to receive from Avago USA, a fee with respect to the termination of the merger agreement, as described under The Merger Agreement Termination Fees beginning on page 89.

Q. Is the merger expected to be taxable to me?

A. Yes. The exchange of shares of our common stock for cash pursuant to the merger will generally be a taxable transaction to U.S. holders and certain non-U.S. holders (both terms defined below in The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 62 of this proxy statement) for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local and/or foreign income or other tax laws. In general, for U.S. federal income tax purposes, a U.S. holder who exchanges shares of our common stock for cash in the merger (or a non-U.S. holder that is subject to U.S. federal income tax on its gain from the merger) will recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received (determined before deduction of any applicable withholding taxes) with respect to such shares and the stockholder s adjusted tax basis in such shares. You should read The Merger Material U.S. Federal Income Tax Consequences of the Merger for a more complete discussion of the U.S. federal income tax consequences of the merger to U.S. holders and certain non-U.S. holders. Because individual circumstances may differ, you should consult your tax advisor to determine the particular U.S. federal, state, local and/or foreign tax consequences of the merger to you.

Q. Why am I receiving this proxy statement and proxy card or voting instruction form?

A. You are receiving this proxy statement and proxy card or voting instruction form because you owned shares of Company common stock as of the record date of February 10, 2014, which entitles you to receive notice of, and to vote at, the special meeting. This proxy statement describes matters on which we urge you to vote and is intended to assist you in deciding how to vote your shares of Company common stock with respect to such matters.

Q. When and where is the special meeting?

A. The special meeting of stockholders of the Company will be held on [ ], 2014 at [ ], local time, at 1320 Ridder Park Drive, San Jose, California 95131.

Q. What am I being asked to vote on at the special meeting?

A. You are being asked to consider and vote on a proposal to adopt the merger agreement that provides for the acquisition of the Company by Avago USA, a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement and a proposal to approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of the Company in connection with the merger, which we refer to as the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

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Q. What vote is required for the Company s stockholders to approve the proposal to adopt the merger agreement?

A. The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Company common stock entitled to vote thereon. Because the affirmative vote required to approve the proposal to adopt the merger agreement is based upon the total number of outstanding shares of Company common stock, if you fail to submit a proxy or vote in person at the special meeting, or abstain, or you do not provide your bank, brokerage firm or other nominee with voting instructions, as applicable, this will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

Q. What vote of our stockholders is required to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies?

A. Assuming a quorum exists, approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies, requires the affirmative vote of holders of a majority of the voting power of the issued and outstanding shares of Company common stock entitled to vote thereon, present and voting, in person or represented by proxy on the matter at the special meeting. Abstaining will have the same effect as a vote **AGAINST** the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies. If you fail to submit a proxy or vote in person at the special meeting or if your shares of Company common stock are held through a bank, brokerage firm or other nominee and you do not instruct your bank, brokerage firm or other nominee on how to vote your shares of Company common stock, your shares of Company common stock will not be voted, but this will not have an effect on the proposal to adjourn the special meeting.

Q. What vote is required for the Company s stockholders to approve the LSI Advisory (Non-Binding) Proposal on Specified Compensation?

A. Assuming a quorum exists, the adoption of the LSI Advisory (Non-Binding) Proposal on Specified Compensation requires the affirmative vote of holders of a majority of the voting power of the issued and outstanding shares of Company common stock entitled to vote thereon, present and voting, in person or represented by proxy on the matter at the special meeting. Abstaining will have the same effect as a vote **AGAINST** the LSI Advisory (Non-Binding) Proposal on Specified Compensation. If you fail to submit a proxy or to vote in person at the special meeting or if your shares of Company common stock are held through a bank, brokerage firm or other nominee and you do not instruct your bank, brokerage firm or other nominee on how to vote your shares of Company common stock, your shares of Company common stock will not be voted, but this will not have an effect on the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Q. What will happen if the Company s stockholders do not approve the LSI Advisory (Non-Binding) Proposal on Specified Compensation?

A. The vote on the LSI Advisory (Non-Binding) Proposal on Specified Compensation is a vote separate and apart from the vote to approve the merger agreement. You may vote for this proposal and against adoption of the merger agreement, or vice versa. Because the vote on the LSI Advisory (Non-Binding) Proposal on Specified Compensation is advisory only, it will not be binding on the Company. Because this vote is advisory in nature only, it is not binding on either the Company, Avago USA or any affiliate of Avago USA. Approval of the LSI Advisory (Non-Binding) Proposal on Specified Compensation is not a condition to completion of the merger, and

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failure to adopt the LSI Advisory (Non-Binding) Proposal on Specified Compensation will have no effect on the vote to approve the merger agreement. Accordingly, because we are contractually obligated to pay the compensation, the compensation will be payable, subject only to the conditions applicable thereto and any future amendments thereto, regardless of the outcome of the advisory vote.

Q. Who can vote at the special meeting?

A. All of our holders of Company common stock of record as of the close of business on February 10, 2014, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting. Each holder of Company common stock is entitled to cast one vote on each matter properly brought before the special meeting for each share of Company common stock that such holder owned as of the record date. If you are a beneficial owner of Company common stock, in order to vote those shares at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee at the special meeting.

Q. Who is entitled to attend the special meeting?

A. Please note that space limitations make it necessary to limit attendance at the special meeting to stockholders as of the record date (or their authorized representatives). If your shares are held by a bank or broker, please bring to the special meeting your statement evidencing your beneficial ownership of our common stock as of the record date. Please note that if your shares are held by a bank or broker, even if you bring your statement evidencing your beneficial ownership as of the record date, you will not be able to vote your shares at the special meeting unless you provide a legal proxy from your bank, brokerage firm or other nominee at the special meeting. All stockholders should also bring photo identification.

Q. What is a quorum?

A. The holders of a majority of the voting power of the issued and outstanding shares of the capital stock of the Company entitled to vote thereat, present in person or represented by proxy, at the special meeting constitutes a quorum for the purposes of the special meeting.

Q. How do I vote?

A. If you are a beneficial owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the below choices are available to you. Please note that if you are a beneficial owner and wish to vote those shares in person at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee at the special meeting.

If you are a stockholder of record, you may vote those shares with respect to which you are the stockholder of record at the special meeting in any of the following ways:

In Person: You may vote in person at the special meeting if you satisfy the admission requirements to the special meeting, as described in the Notice of Special Meeting of the Stockholders to be held on [ ], 2014. Even if you plan to attend the special meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted in the event you later decide not to attend the special meeting.

By Internet: You may submit a proxy electronically on the Internet by following the instructions on the proxy card. Please have your proxy card in hand when you log onto the website. Internet voting facilities will be available 24 hours a days and will close at 11:59 p.m. Eastern Time on [ ], 2014.

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By Telephone: If you request paper copies of the proxy materials by mail, you may submit a proxy by telephone (from U.S. and Canada only) using the toll-free number listed on the proxy card. Please have your proxy card in hand when you call. Telephone voting facilities will be available 24 hours a day and will close at 11:59 p.m. Eastern Time on [ ], 2014.

By Mail: If you request paper copies of the proxy materials by mail, you may indicate your vote by marking, dating and signing your proxy card in accordance with the instructions on it and returning it by mail in the pre-addressed reply envelope provided with the proxy materials. The proxy card must be received prior to commencement of the special meeting.

A control number, located on your proxy card, is designed to verify your identity and allow you to vote your shares of Company common stock and to confirm that your voting instructions have been properly recorded when voting over the Internet or by telephone. Please be aware that if you vote over the telephone or on the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible.

Q. What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A. If you own shares of Company common stock that are registered directly in your name with our transfer agent, Computershare, you are considered, with respect to those shares of Company common stock, as the stockholder of record. This proxy statement and your proxy card have been sent directly to you by the Company.

If you own shares of Company common stock that are held through a bank, brokerage firm or other nominee, you are considered the beneficial owner of those shares of Company common stock held in street name. In that case, this proxy statement has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares of Company common stock, the stockholder of record. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee how to vote those shares of Company common stock by following their instructions for voting.

Q. If my shares of Company common stock are held in street name by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee vote my shares of Company common stock for me?

A. Your bank, brokerage firm or other nominee will only be permitted to vote your shares of Company common stock if you instruct your bank, brokerage firm or other nominee how to vote. You should follow the procedures provided by your bank, brokerage firm or other nominee regarding the voting of your shares of Company common stock. If you do not instruct your bank, brokerage firm or other nominee to vote your shares of Company common stock, your shares of Company common stock will not be voted and the effect will be the same as a vote AGAINST the proposal to adopt the merger agreement, but will not have an effect on the other proposals.

Q. How can I change or revoke my vote?

A. You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you, by giving written notice of revocation to our Corporate Secretary at LSI Corporation, 1320 Ridder Park Drive, San Jose, California 95131, or by attending the special meeting and voting in person.

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Q. What is a proxy?

A. A proxy is your legal designation of another person, referred to as a proxy, to vote your shares of Company common stock. The written document describing the matters to be considered and voted on at the special meeting is called a proxy statement. The document used to designate a proxy to vote your shares of Company common stock is called a proxy card. We have designated Jean Rankin, our Executive Vice President, General Counsel and Secretary and Jonathan Gilbert, our Vice President Law, and each of them, with full power of substitution, as proxies for the special meeting.

Q. If a stockholder gives a proxy, how are the shares of Company common stock voted?

A. Regardless of the method you choose to vote, the individuals named on the enclosed proxy card, or your proxies, will vote your shares of Company common stock in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares of Company common stock should be voted for or against or to abstain from voting on all, some or none of the specific items of business to come before the special meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares should be voted on a matter, the shares represented by your properly signed proxy will be voted FOR the proposal to adopt the merger agreement, FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and FOR the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Q. What do I do if I receive more than one proxy or set of voting instructions?

A. If you also hold shares directly as a record holder, in street name, or otherwise through a nominee, you may receive more than one proxy and/or set of voting instructions relating to the special meeting.

These should each be voted and/or returned separately as described elsewhere in this proxy statement in order to ensure that all of your shares are voted.

Q. What happens if I sell my shares of Company common stock before the special meeting?

A. The record date for stockholders entitled to vote at the special meeting is earlier than both the date of the special meeting and the consummation of the merger. If you transfer your shares of Company common stock after the record date but before the special meeting, unless special arrangements (such as provision of a proxy) are made between you and the person to whom you transfer your shares and each of you notifies the Company in writing of such special arrangements, you will retain your right to vote such shares at the special meeting, but will transfer the right to receive the per share merger consideration to the person to whom you transfer your shares.

Q. What do I need to do now?

A. We urge you to carefully read this proxy statement in its entirety, including its annexes, and to consider how the merger would affect you. Even if you plan to attend the special meeting, after carefully reading and considering the information contained in this proxy statement, please vote promptly to ensure that your shares are represented at the special meeting. If you hold your shares of Company common stock in your own name as the stockholder of record, please vote your shares of Company common stock by (i) completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope, (ii) using the telephone number printed

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on your proxy card or (iii) using the Internet voting instructions printed on your proxy card. If you decide to attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. If you are a beneficial owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you.

Q. Should I send in my stock certificates now?

A. No. You will be sent a letter of transmittal promptly, and in any event within five business days after the completion of the merger, describing how you may exchange your shares of Company common stock for the per share merger consideration. If your shares of Company common stock are held in street name by your bank, brokerage firm or other nominee, you will receive instructions from your bank, brokerage firm or other nominee as to how to effect the surrender of your street name shares of Company common stock in exchange for the per share merger consideration. Please do NOT return your stock certificate(s) with your proxy.

Q. Will a proxy solicitor be used?

A. We have engaged The Proxy Advisory Group, LLC to assist in the solicitation of proxies and provide related advice and informational support, for a services fee and the reimbursement of customary disbursements that are not expected to exceed $40,000 in the aggregate. If you have any questions or need assistance voting your shares, please contact the firm assisting us in the solicitation of proxies:

The Proxy Advisory Group, LLC

18 East 41st Street, 20th Floor

New York, New York 10017

Banks and Brokers Call: [ ]

Stockholders Call Toll Free: [ ]

Q. Who can help answer my other questions?

A. If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of Company common stock, or need additional copies of the proxy statement or the enclosed proxy card, please call The Proxy Advisory Group, LLC, our proxy solicitor, toll-free at [ ].

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, as well as information included in oral statements or other written statements made or to be made by us, contain statements that, in our opinion, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be typically identified by such words as may, will, should, expect, anticipate, plan likely, believe, estimate, project, intend, and other similar expressions among others, which appear in a number of places in this proxy statem (and the documents to which we refer you in this proxy statement) and include, but are not limited to, all statements relating directly or indirectly to the timing or likelihood of completing the merger to which this proxy statement relates, plans for future growth and other business development activities as well as capital expenditures, financing sources and the effects of regulation and competition and all other statements regarding our intent, plans, beliefs or expectations or those of our directors or officers. These forward-looking statements reflect the current analysis of existing information and are subject to various risks and uncertainties. As a result, caution must be exercised in relying on forward-looking statements. Due to known and unknown risks, our actual results may differ materially from our expectations or projections.

The following factors, among others, could cause our actual results to differ materially from those described in these forward-looking statements:

- the risk that the conditions to the closing of the merger are not satisfied (including a failure of our stockholders to approve, on a timely basis or otherwise, the merger and the risk that regulatory approvals required for the merger, including clearance from CFIUS, are not obtained, on a timely basis or otherwise, or are obtained subject to conditions that are not anticipated);
- litigation relating to the merger;
- uncertainties as to the timing of the consummation of the merger and the ability of each of the Company and Avago USA to consummate the merger;
- risks that the proposed transaction disrupts the current plans and operations of the Company or Avago;
- the ability of the Company to retain and hire key personnel;
- competitive responses to the proposed merger;
- unexpected costs, charges or expenses resulting from the merger;
- the failure by Avago Finance to obtain the necessary financing arrangements set forth in the financing documents executed in connection with the merger;
- potential adverse reactions or changes to business relationships resulting from the announcement or completion of the merger; and
- legislative, regulatory and economic developments.

The foregoing review of important factors that could cause actual events to differ from expectations should not be construed as exhaustive and should be read in conjunction with statements that are included herein and elsewhere, including the risk factors included in the Company s and

Avago s respective most recent Annual Reports on Form 10-K and the Company s and Avago s more recent other reports filed with the SEC. The Company and Avago can give no assurance that the conditions to the merger will be satisfied. Except as required by applicable law, neither the Company nor Avago undertakes any obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

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PARTIES TO THE MERGER

The Company

LSI Corporation

1320 Ridder Park Drive

San Jose, California 95131

(408) 433-8000

The Company is a Delaware corporation with its headquarters in San Jose, California. The Company designs semiconductors and software that accelerate storage and networking in datacenters, mobile networks and client computing. The Company s technology is the intelligence critical to enhanced application performance and is applied in solutions created in collaboration with our partners. For more information about the Company, please visit our website at http://www.lsi.com. Our website address is provided as an inactive textual reference only. The information contained on our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document on file with or furnished to the SEC. See also Where You Can Find More Information, beginning on page 105. Our common stock is publicly traded on the NASDAQ under the symbol LSI.

Avago

Avago Technologies Limited

1 Yishun Avenue 7

Singapore 768923

(65) 6755-7888

Avago is incorporated under the laws of the Republic of Singapore. Avago is a leading designer, developer and global supplier of a broad range of analog semiconductor devices with a focus on III-V based products. III-V semiconductor materials have higher electrical conductivity than silicon and thus tend to have better performance characteristics in radio frequency, or RF, and optoelectronic applications. III-V refers to elements from the 3rd and 5th groups in the periodic table of chemical elements, and examples of these materials are gallium arsenide, or GaAs, gallium nitride, or GaN, and indium phosphide, or InP. Avago differentiates itself through its high performance design and integration capabilities. Avago serves three primary target markets: wireless communications, wired infrastructure and industrial & other. Avago s product portfolio is extensive and includes thousands of products. Applications for Avago s products in these target markets include smartphones, data networking and telecommunications equipment, enterprise storage and servers, factory automation and industrial equipment.

Avago USA

Avago Technologies Wireless (U.S.A.) Manufacturing Inc.

350 West Trimble Road

San Jose, California 95131

(408) 435-7400

Avago USA is a Delaware corporation and an indirect wholly owned subsidiary of Avago. Avago USA is Avago s principal operating unit in the United States.

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Merger Sub

Leopold Merger Sub, Inc.

c/o Avago Technologies Wireless (U.S.A.) Manufacturing Inc.

350 West Trimble Road

San Jose, California 95131

(408) 435-7400

Leopold Merger Sub, Inc. or Merger Sub, is a Delaware corporation that was formed by Avago USA and its affiliates solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement and the related financing transactions. Merger Sub is a wholly owned subsidiary of Avago USA and has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement and the related financing transactions. Upon the completion of the merger, Merger Sub will cease to exist and the Company will continue as the surviving corporation.

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THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting to be held on [ ], 2014 at [ ], local time, at 1320 Ridder Park Drive, San Jose, California, or at any postponement or adjournment thereof. At the special meeting, holders of common stock of the Company, par value $0.01 per share, which we refer to as Company common stock, will be asked to approve the proposal to adopt the merger agreement, to approve the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement and to approve the proposal to approve, in an advisory (non-binding) vote, the compensation that may be payable to our named executive officers in connection with the merger, which we refer to as the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Our stockholders must approve the proposal to adopt the merger agreement in order for the merger to occur. If our stockholders fail to approve the proposal to adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached as **Annex A** to this proxy statement, and we encourage you to read it carefully in its entirety.

Recommendation of the Board of Directors

After careful consideration of various factors described in the section entitled The Merger Reasons for the Merger; Recommendation of the Board of Directors, the board of directors of the Company, which we refer to as the board of directors, unanimously determined that the proposed merger was advisable, fair to, and in the best interests of, the stockholders of the Company, unanimously approved the merger agreement and transactions contemplated thereby, including the merger, directed that the merger agreement be submitted to our stockholders for adoption and approval, and unanimously recommended that our stockholders vote in favor of the adoption and approval of the merger agreement.

In considering the recommendation of our board of directors with respect to the proposal to adopt the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, yours. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. See the section entitled The Merger Interests of Certain Persons in the Merger beginning on page 57.

The board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement, FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and FOR the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Record Date and Quorum

We have fixed the close of business on February 10, 2014 as the record date for the special meeting, and only holders of record of Company common stock on the record date are entitled to vote at the special meeting. You are entitled to receive notice of, and to vote at, the special meeting if you owned shares of Company common stock at the close of business on the record date. On the record date, there were [ ] shares of Company common stock outstanding and entitled to vote. Each share of Company common stock entitles its holder to one vote on all matters properly coming before the special meeting.

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The holders of a majority of the voting power of the issued and outstanding shares of the Company entitled to vote thereat, present in person or represented by proxy, will constitute a quorum for the transaction of business at the special meeting. Shares of Company common stock for which a stockholder directs an abstention from voting, as well as broker non-votes (as described below), will be counted for purposes of establishing a quorum. A quorum is necessary to transact business at the special meeting. Once a share of Company common stock is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned or postponed.

Attendance

If you are a stockholder of record, that is, you hold your shares in an account with our transfer agent, Computershare, or you have an LSI stock certificate, and received information about our special meeting in the mail, you will find an admission ticket in the materials sent to you. If you are a stockholder of record, received an e-mail describing how to view our proxy materials over the Internet and want to attend the meeting in person, write to us at LSI Corporation, 1110 American Parkway NE, Allentown, Pennsylvania 18109, Attn: Response Center, or call us at 1-800-372-2447 to obtain an admission ticket.

If your shares are held in street name, that is, you hold your shares in an account with a bank, broker or other holder of record, and you plan to attend the meeting in person, you can obtain an admission ticket in advance by writing to us at LSI Corporation, 1110 American Parkway NE, Allentown, Pennsylvania 18109, Attn: Response Center, and including proof that you are a Company stockholder, such as a recent account statement.

Vote Required

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Company common stock entitled to vote thereon. For the proposal to adopt the merger agreement, you may vote **FOR**, **AGAINST** or **ABSTAIN**. Abstentions will not be counted as votes cast in favor of the proposal to adopt the merger agreement, but will count for the purpose of determining whether a quorum is present. **If you fail to submit a proxy or to vote in person at the special meeting, or abstain, it will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.**

Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies, requires the affirmative vote of holders of a majority of the voting power of the issued and outstanding shares of Company common stock entitled to vote thereon, present and voting, in person or represented by proxy on the matter at the special meeting. For the proposal to adjourn the special meeting, if necessary or appropriate, you may vote **FOR**, **AGAINST** or **ABSTAIN**. For purposes of this proposal, abstentions will be counted in tabulating the votes cast and will have the same effect as a vote **AGAINST** the proposal. Broker non-votes will not be counted in tabulating the votes cast, and will not have an effect on the proposal to adjourn the special meeting. If you fail to submit a proxy or vote in person at the special meeting, the shares of Company common stock not voted will not be counted in respect of, and will not have an effect on, the proposal to adjourn the special meeting.

Assuming a quorum is present, approval of the LSI Advisory (Non-Binding) Proposal on Specified Compensation requires the affirmative vote of holders of a majority of the voting power of the issued and outstanding shares of Company common stock entitled to vote thereon, present and

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voting, in person or represented by proxy on the matter at the special meeting. For the LSI Advisory (Non-Binding) Proposal on Specified Compensation, you may vote **FOR**, **AGAINST** or **ABSTAIN**. For purposes of this proposal, abstentions will be counted in tabulating the votes cast and will have the same effect as a vote **AGAINST** the proposal. Broker non-votes will not be counted in tabulating the votes cast, and will not have an effect on the LSI Advisory (Non-Binding) Proposal on Specified Compensation. If you fail to submit a proxy or vote in person at the special meeting, the shares of Company common stock not voted will not be counted in respect of, and will not have an effect on, the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

If your shares of Company common stock are registered directly in your name with our transfer agent, Computershare, or you have an LSI stock certificate, you are considered, with respect to those shares of Company common stock, the stockholder of record. This proxy statement and proxy card have been sent directly to you by the Company.

If your shares are held in street name, that is, you hold your shares in an account with a bank, broker or other holder of record, you are considered the beneficial owner of shares of Company common stock held in street name. In that case, this proxy statement has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares of Company common stock, the stockholder of record. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee how to vote your shares by following their instructions for voting.

Most stockholders can vote over the Internet or by telephone. You can also vote your shares by completing and returning a proxy card or, if you hold shares in street name, a voting instruction form. If Internet and telephone voting are available to you, you can find voting instructions in the Notice of Availability or in the materials sent to you. The Internet and telephone voting facilities will close at 11:59 p.m. Eastern time on [ ], 2014. Please be aware that if you vote over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible.

You can revoke your proxy (including any Internet or telephone vote) at any time before it is exercised by timely delivery of a properly executed, later-dated proxy or by voting in person at the special meeting.

How you vote will in no way limit your right to vote at the meeting if you later decide to attend in person. However, if your shares are held in street name, you must obtain a voting instruction card, executed in your favor, from your broker or other holder of record, to be able to vote at the meeting.

All shares entitled to vote and represented by your properly completed proxy received prior to the meeting and not revoked will be voted at the meeting in accordance with your instructions.

Please refer to the instructions on your proxy or voting instruction card to determine the deadlines for voting over the Internet or by telephone. If you choose to vote by mailing a proxy card, your proxy card must be filed with our Corporate Secretary by the time the special meeting begins. **Please do not send in your stock certificates with your proxy card.** After the merger is completed, a separate letter of transmittal will be mailed to you that will enable you to receive the per share merger consideration in exchange for your stock certificates.

If you vote by proxy, regardless of the method you choose to vote, the individuals named on the enclosed proxy card, and each of them, with full power of substitution, or your proxies, will vote your shares of Company common stock in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares of Company common stock should be voted for or against or to abstain from voting on all, some or none of the specific items of business to come before the special meeting.

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If you properly sign your proxy card but do not mark the boxes showing how your shares of Company common stock should be voted on a matter, the shares of Company common stock represented by your properly signed proxy will be voted **FOR** the proposal to adopt the merger agreement, **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and **FOR** the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

If you have any questions or need assistance voting your shares, please call The Proxy Advisory Group, LLC, the Company s proxy solicitor, toll-free at [ ].

It is important that you vote your shares of Company common stock promptly. Whether or not you plan to attend the Special Meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope, or submit your proxy by telephone or the Internet. Stockholders who attend the Special Meeting may revoke their proxies by voting in person.

As of February 10, 2014, the record date, the directors and executive officers of the Company beneficially owned and were entitled to vote, in the aggregate, [ ] shares of Company common stock, representing [ ]% of the outstanding shares of Company common stock on the record date. The directors and executive officers have informed the Company that they currently intend to vote all of their shares of Company common stock **FOR** the proposal to adopt the merger agreement, **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and **FOR** the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Proxies and Revocation

Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, over the Internet, or by returning the enclosed proxy card in the accompanying prepaid reply envelope, or may vote in person by appearing at the special meeting. If your shares of Company common stock are held in street name through a bank, brokerage firm or other nominee, you should instruct your bank, brokerage firm or other nominee on how to vote your shares of Company common stock using the instructions provided by your bank, brokerage firm or other nominee. If you fail to submit a proxy or to vote in person at the special meeting, or do not provide your bank, brokerage firm or other nominee with voting instructions, as applicable, your shares of Company common stock will not be voted on the proposal to adopt the merger agreement, which will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, but will not have an effect on approval of the proposal to adjourn the special meeting or the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting at a later date through any of the methods available to you, by giving written notice of revocation to our Corporate Secretary, which must be filed with our Corporate Secretary at LSI Corporation, 1320 Ridder Park Drive, San Jose, California 95131 by the time the special meeting begins, or by attending the special meeting and voting in person. If your shares of Company common stock are held in street name by your bank, brokerage firm or other nominee, please follow the instructions you receive from your bank, brokerage firm or other nominee to change your vote.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed, including for the purpose of soliciting additional proxies as described in this proxy statement under the heading Authority to Adjourn the Special Meeting (Proposal No. 2), if there are insufficient votes at

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the time of the special meeting to approve the proposal to adopt the merger agreement or if a quorum is not present at the special meeting. Other than an announcement to be made at the special meeting of the time, date and place of an adjourned meeting, an adjournment generally may be made without notice. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow the Company s stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting that was adjourned or postponed.

Anticipated Date of Completion of the Merger

We are working toward completing the merger as soon as possible. Assuming timely satisfaction of necessary closing conditions, including regulatory approvals and the approval by our stockholders of the proposal to adopt the merger agreement, we anticipate that the merger will be completed in the first half of 2014.

Rights of Stockholders Who Seek Appraisal

Stockholders are entitled to appraisal rights under the DGCL in connection with the merger. This means that you are entitled to have the fair value of your shares of Company common stock determined by the Delaware Court of Chancery and to receive a payment based on that valuation. The ultimate amount you receive in an appraisal proceeding may be less than, equal to or more than the amount you would have received under the merger agreement.

To exercise your appraisal rights, you must submit a written demand for appraisal to the Company before the vote is taken on the merger agreement and you must not vote in favor of the proposal to adopt the merger agreement. Your failure to follow exactly the procedures specified under the DGCL may result in the loss of your appraisal rights. See Appraisal Rights beginning on page 99 and the text of the Delaware appraisal rights statute reproduced in its entirety as **Annex C** to this proxy statement. If you hold your shares of Company common stock through a bank, brokerage firm or other nominee and you wish to exercise appraisal rights, you should consult with your bank, brokerage firm or other nominee to determine the appropriate procedures for the making of a demand for appraisal by your bank, brokerage firm or nominee. In view of the complexity of the DGCL, stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors.

Solicitation of Proxies; Payment of Solicitation Expenses

We have engaged The Proxy Advisory Group, LLC to assist in the solicitation of proxies and provide related advice and informational support, for a services fee and the reimbursement of customary disbursements that are not expected to exceed $40,000 in the aggregate. The Company may also reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares of Company common stock for their expenses in forwarding soliciting materials to beneficial owners of Company common stock and in obtaining voting instructions from those owners. Directors, officers and employees of ours may also solicit proxies by telephone, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

Householding

We use a practice approved by the Securities and Exchange Commission called householding. Under this practice, stockholders who have the same address and last name and do not participate in electronic delivery of proxy materials receive only one copy of our proxy materials at that address, unless one or more of those stockholders has notified us that they wish to receive individual copies. If you would like to receive a separate copy of this year s Notice of Availability or proxy materials, please call 1-800-579-1639, or write to us at LSI Corporation, 1110 American Parkway NE, Allentown, Pennsylvania 18109, Attn: Response Center.

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If you share an address with another Company stockholder and would like to start or stop householding for your account, you can call 1-800-542-1061 or write to Householding Department, 51 Mercedes Way, Edgewood, New York 11717, including your name, the name of your broker or other holder of record, if any, and your account number(s). If you consent to householding, your election will remain in effect until you revoke it. If you revoke your consent, the Company will send you separate copies of documents mailed at least 30 days after receipt of your revocation.

Most stockholders can also elect to view future proxy statements and annual reports over the Internet by voting at http://www.proxyvote.com or by visiting http://www.icsdelivery.com/lsi. If you choose to view future proxy statements and annual reports over the Internet, next year you will receive an e-mail with instructions on how to view those materials and vote. Your election will remain in effect until you revoke it.

Please be aware that if you choose to access those materials over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible.

Allowing us to household annual meeting materials or electing to view them over the Internet will help us save on the cost of printing and distributing those materials and reduce the impact of our annual meeting on the environment.

Questions and Additional Information

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call The Proxy Advisory Group, LLC, the Company s proxy solicitor, toll-free at [ ].

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THE MERGER

*This discussion of the merger is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement as **Annex A**. You should read the entire merger agreement carefully as it is the legal document that governs the merger.*

General

The merger agreement provides that Merger Sub will merge with and into the Company. The Company will be the surviving corporation in the merger and will continue to do business following the merger as a wholly owned subsidiary of Avago USA. As a result of the merger, the Company will cease to be a publicly traded company. If the merger is completed, you will not own any shares of the capital stock of the surviving corporation.

In the merger, each outstanding share of Company common stock, except for shares of Company common stock held in the treasury of the Company immediately prior to the effective time of the merger, shares owned by Avago USA or Merger Sub, which will be cancelled and retired without any conversion, and shares owned by stockholders of the Company who have (i) not voted in favor of the merger, (ii) properly complied with the provisions of Section 262 of the DGCL as to appraisal rights or (iii) not effectively withdrawn or lost its rights to appraisal, which we refer to collectively as the excluded shares, will be converted into the right to receive $11.15 in cash, which amount we refer to as the per share merger consideration, without interest, less any required tax withholding.

Background of the Merger

At its meetings on May 8 and May 9, 2013, our board of directors reviewed the Company s business, strategic direction, performance, risks, opportunities, long range plans and capitalization to consider actions that might increase stockholder value. At these meetings, the board also tasked our management with further analyzing the Company s business and identifying desirable actions to increase stockholder value for the board of directors to consider.

On May 23, 2013, Mr. Kenneth Hao, a Managing Partner and Managing Director of Silver Lake Partners, which we refer to as Silver Lake, contacted our chief executive officer, Mr. Abhijit Talwalkar, to set up a meeting to catch up on industry trends and the Company s business with the aim of seeing whether there were investment opportunities for Silver Lake Partners with respect to the Company. Mr. Talwalkar accepted the meeting request and, on June 19, 2013, met with Mr. Hao and Mark Margiotta, a representative of Silver Lake, and discussed the Company s current business, our progress toward achieving the Company s operating objectives and our industry in general. At the end of that meeting, Mr. Hao asked Mr. Talwalkar if he had any interaction with, or ideas for collaborating with, Avago, of which Mr. Hao is a member of the board of directors. Mr. Talwalkar responded that he had some conversations in the past with Mr. Hock Tan, the chief executive officer of Avago, regarding discrete aspects of the companies respective businesses, but that nothing had ever been pursued.

Avago subsequently advised us that following the meeting, Mr. Hao determined that the most feasible transaction with the Company would involve Avago and that Silver Lake s role would potentially be to provide financing to Avago. Accordingly, Mr. Hao commenced discussions with Mr. Tan at Avago concerning a potential acquisition of the Company by Avago. On July 14, 2013, Mr. Hao contacted Mr. Talwalkar and stated that Silver Lake had discussed possible business collaboration ideas with Mr. Tan and asked if Mr. Talwalkar would be willing to meet with Mr. Hao and Mr. Tan in early August to further discuss potential collaboration opportunities.

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At meetings of our board of directors on August 8 and August 9, 2013, and in furtherance of the board s directive from the May board meetings to identify desirable actions to increase stockholder value, at the board s invitation, representatives of Qatalyst Partners LP, which we refer to as Qatalyst Partners, discussed with members of the Company s management and the board the Company s strategic positioning, future prospects and management s go-forward strategic plan and possible alternatives thereto. Our board invited Qatalyst Partners because of its qualifications, expertise, reputation and knowledge of our business and affairs and the industry in which the Company operates, and because representatives of Qatalyst Partners had previously discussed the Company s strategic positioning, future prospects and strategic plans with our board in connection with our board s prior reviews of the Company s business, strategic direction, performance, risks, opportunities, long range plans and capitalization in prior years. The board and members of our management team also discussed and reviewed the Company s decision tree for strategic transactions, analyzed several potential strategic options for the Company and discussed the potential impact of several strategic alternatives.

On August 12, 2013, Mr. Talwalkar met with Mr. Tan and Mr. Hao. At the meeting, Mr. Tan and Mr. Hao informed Mr. Talwalkar of Avago s interest in a potential strategic transaction involving a sale of the Company to Avago with Silver Lake acting as a potential source of financing for such a transaction. On this date, our common stock closed at a per share price of $7.68. After this meeting, Mr. Talwalkar informed the chairman of our board of directors, Mr. Gregorio Reyes, of Avago s interest in potentially acquiring the Company. Mr. Reyes, in turn, organized a full board meeting to be held on August 20, 2013.

On August 20, 2013, our board of directors held a meeting. At the meeting, Mr. Talwalkar described to our board his August 12, 2013 meeting with Messrs. Tan and Hao and Avago s interest in potentially acquiring the Company with Silver Lake acting as a potential source of financing for such a transaction. Representatives of Qatalyst Partners discussed with the board of directors potential strategic options for the Company and information about Avago. Our board of directors discussed the Company s strategic alternatives, including potential approaches and process management with respect to a potential sale of the Company, and authorized our management to engage outside counsel to represent the Company in connection with the review of strategic alternatives, including a potential sale of the Company. The board also asked Mr. Talwalkar and Qatalyst Partners to continue discussions with Avago to assess the seriousness of its interest in acquiring the Company.

On September 9, 2013, Skadden, Arps, Slate, Meagher & Flom LLP, which we refer to as Skadden Arps, was engaged as outside counsel to the Company.

On September 10, 2013, Mr. Talwalkar met with Mr. Tan. At the meeting, Mr. Tan discussed Avago s strategic rationale for an acquisition of the Company, informed Mr. Talwalkar that Avago s board of directors supported a potential acquisition of the Company. Mr. Tan also informed Mr. Talwalkar of Avago s preliminary analysis of a potential acquisition of the Company, which supported a willingness by Avago to pay between $10.00 and $11.00 in cash per share of Company common stock. On September 11, 2013, Mr. Talwalkar sent our board a summary of his discussions with Mr. Tan.

On September 12, 2013, Mr. Tan contacted Mr. Talwalkar to request a meeting with our management to discuss the Company s business and the potential acquisition of the Company by Avago.

On September 17, 2013, our board of directors held a meeting. Mr. Talwalkar summarized his discussions with Mr. Tan and described Avago s preliminary analysis of a potential acquisition of the Company. Following a discussion of Mr. Tan s communications with Mr. Talwalkar, the board of directors, with the assistance of representatives of Qatalyst Partners, discussed and identified several other parties it believed could be interested in potentially acquiring the Company. These identified

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parties did not include any private equity firms because, during the course of this discussion, the board concluded that the Company s stand-alone cash flow and earnings were unlikely to support the level of debt financing that would be necessary to consummate a transaction in the per share range indicated by Avago s preliminary analysis. The board authorized Qatalyst Partners and Mr. Talwalkar to contact four strategic parties: Party A, Party B, Party C and Party D. The parties identified and subsequently contacted consisted of persons in the high-performance storage and semiconductor industries with the financial resources to engage in a potential strategic transaction and businesses complementary to the business of the Company. Our general counsel next reviewed the fiduciary duties of the members of the board of directors when the board is considering the sale of the Company. Because of a conflict of interest with respect to Party C, it was determined that Mr. Reyes, our chairman, would recuse himself from the strategic process should Party C express an interest in acquiring the Company. After the meeting concluded, Mr. Talwalkar contacted representatives of Party A, Party B and Party C to determine their interest in potentially acquiring the Company.

On September 18, 2013, Party B contacted Mr. Talwalkar to inform him that it was interested in participating in the Company s strategic process. Also on September 18, 2013, Mr. Tan contacted Mr. Talwalkar to inform him that Avago was interested in arranging a meeting between Avago and our management to discuss the Company s business.

On September 19, 2013, Party A and Party C separately contacted Mr. Talwalkar to inform him that each was interested in participating in the Company s strategic process. Representatives of Qatalyst Partners separately contacted Party A, Party B and Party C to discuss the Company s strategic process. In addition, representatives of Qatalyst Partners contacted representatives of Party D about its interest in the strategic process. Party D notified Qatalyst Partners that it was not interested in acquiring the Company and declined to proceed with the strategic process. Our management and board of directors were promptly informed of Party D s decision.

On September 21, 2013, the nominating and corporate governance committee of the board of directors, which we refer to as the governance committee, held a meeting. Mr. Reyes did not attend the meeting. At the meeting, the governance committee discussed Mr. Reyes participation in the board s evaluation of strategic alternatives in light of Party C s expressed interest in acquiring the Company and Mr. Reyes conflict of interest with respect to Party C. Because Mr. Reyes had recused himself from all discussions related to the Company s strategic process, it was agreed that Mr. John H.F. Miner would serve as the primary liaison to facilitate communication between the board of directors and our management. The governance committee selected Mr. Miner because of his skill-set and qualifications, including his interest in taking on such a role, his availability to do so and his accessibility to both members of our board of directors and our management.

On September 25, 2013, the Company formally executed a letter agreement with Qatalyst Partners to engage Qatalyst Partners as its financial advisor in connection with the strategic process. The Company selected Qatalyst Partners because of Qatalyst Partners qualifications, expertise, reputation and knowledge of our business and affairs and the industry in which the Company operates.

Between September 26, 2013 and October 3, 2013, the Company entered into non-disclosure agreements with Party A, Party B, Party C, Avago and Silver Lake. Each of the non-disclosure agreements contained customary standstill provisions, but provided that the standstill provisions expired when the Company entered into a merger agreement with another party. The Company also consented to Avago and Silver Lake s request to collaborate on a proposal to acquire the Company on the condition that Avago not restrict Silver Lake from otherwise proceeding with a potential transaction to acquire the Company on its own or in collaboration with any other potentially interested party.

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Between September 26, 2013 and October 8, 2013, members of our management held meetings with and delivered presentations containing information about the Company to representatives of each of Party A, Party B, Party C, and Avago and Silver Lake.

On September 30, 2013, our board of directors held a meeting. Mr. Reyes recused himself and did not attend the meeting. Mr. Talwalkar informed the remaining members of the board of directors of the Company s engagement of Qatalyst Partners as directed by the board, reviewed the presentations that the Company had delivered to representatives of Party A, Party B, Party C, and Avago and reviewed the timelines for further meetings with these parties.

On October 4, 2013, Party C notified Qatalyst Partners that it was no longer interested in pursuing a transaction to acquire the Company and that it was withdrawing from the strategic process. Our management and board of directors were promptly informed of Party C s decision.

On October 7, 2013, the governance committee met to discuss Mr. Reyes recusal given Party C s withdrawal from the strategic process. After discussing the advantages of having Mr. Reyes participate in the process and the certainty of Party C s withdrawal, the governance committee recommended that the board of directors allow Mr. Reyes to participate in the strategic process in his capacity as chairman of the board of directors.

On October 8, 2013, Party C contacted our general counsel and confirmed that it was no longer interested in pursuing a strategic transaction to acquire the Company, as previously communicated to a representative of Qatalyst Partners. Later that day, our board of directors held a meeting. Mr. Reyes was not present at the beginning of the meeting. The board of directors reviewed the governance committee s recommendation with respect to Mr. Reyes participation in the board s evaluation of strategic alternatives in his capacity as chairman of our board of directors and agreed that, given Party C s confirmation of its withdrawal from the strategic process, Mr. Reyes should again participate in the board s evaluation of strategic alternatives in his capacity as chairman of our board of directors. Mr. Reyes then joined the meeting. Representatives of Qatalyst Partners updated the board of directors on the strategic process to date and summarized the status of discussions with Party A, Party B, Party C and Avago, confirming Party C s withdrawal from the process.

Between October 8, 2013 and October 25, 2013, representatives of the Company held in person and telephonic due diligence meetings with representatives of Party A, Party B and Avago.

On October 14, 2013 and October 21, 2013, our board of directors held meetings at which the board discussed the status of the Company s strategic process with representatives of our management and Qatalyst Partners, including with respect to the due diligence meetings being held with Party A, Party B and Avago and Silver Lake. Qatalyst Partners informed the board of directors that Avago intended to submit an indication of interest to acquire the Company after holding necessary internal meetings to authorize such a proposal.

On October 23, 2013, Mr. Tan and Mr. Talwalkar met to discuss the strategic rationale for combining the two companies, including various potential cost synergies. No potential transaction pricing was discussed at this meeting. Later that day, the Company issued a news release regarding its financial results for the fiscal quarter ended September 29, 2013 and declared a $0.03 per share quarterly cash dividend.

On October 24, 2013, at the Company s direction, Qatalyst Partners sent process letters to Party A and Party B requesting that each party interested in continuing in the strategic process submit a non-binding indication of interest containing the per share acquisition price, a description of acquisition timing and required approvals, and identifying due diligence requirements with respect to its proposal to acquire the Company.

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On October 25, 2013, Party B notified representatives of Qatalyst Partners that it was no longer interested in pursuing a strategic transaction to acquire the Company. Representatives of Qatalyst Partners promptly notified members of our management of this decision. Our board of directors was promptly notified of Party B s withdrawal from the process.

On October 28, 2013, our board of directors held a meeting. At the meeting, representatives of Qatalyst Partners provided an update on the status of the Company s strategic process, including Party B s withdrawal from the strategic process.

On October 30, 2013, the Company received a non-binding indication of interest from Avago to acquire the Company for $10.25 per share in cash. The proposal identified key assumptions with respect to the potential acquisition, including proposed financing and requested due diligence. The proposal stated that it was valid until November 15, 2013 and did not contain a request for exclusivity. Mr. Talwalkar promptly delivered a summary of the terms of Avago s indication of interest to our board of directors. On this date, our common stock closed at a per share price of $8.47.

On November 4, 2013, Party A notified representatives of Qatalyst Partners that it was no longer interested in pursuing a strategic transaction to acquire the Company. Representatives of Qatalyst Partners promptly notified members of our management of this decision. Our board of directors was promptly notified of Party A s withdrawal from the process.

On November 5, 2013, our board of directors held a meeting. At the meeting, a representative of Skadden Arps led the board of directors in a discussion of the directors fiduciary duties in connection with consideration of a potential sale of the Company. Representatives of Qatalyst Partners updated the board on the Company s strategic process, summarizing the proposal received from Avago and informing the board that each of Party A, Party B, Party C and Party D had declined to make an offer to acquire the Company. Representatives of Qatalyst Partners discussed with the board both management s go-forward plan and preliminary financial analyses with respect to a potential sale of the Company to Avago and the risks identified by our management with the management s go-forward plan. The board of directors authorized Qatalyst Partners to suggest to Avago that Qatalyst Partners believed our board of directors would likely consider a transaction price between $12.00 and $12.50 per share of Company common stock. On this date, our common stock closed at a per share price of $8.26.

Between November 5 and November 14, 2013, representatives of Qatalyst Partners, Mr. Talwalkar and representatives of Avago held meetings to discuss Avago s proposal, negotiate a per share purchase price and discuss the general terms of Avago s potential acquisition of the Company. As a condition of proceeding with the proposed transaction, Avago sought to enter into an exclusivity agreement with the Company.

On November 12, 2013, our board of directors held a meeting. At the meeting, representatives of Qatalyst Partners informed the board of directors that Avago had rejected the proposed $12.00 and $12.50 per share price range, but might consider a transaction at $11.00 per share of Company common stock. After a discussion, consensus emerged to continue negotiations with Avago regarding the transaction price in an effort to obtain a higher price and ensure that any proposal from Avago included committed financing.

On November 12 and November 13, 2013, representatives of Qatalyst Partners, Mr. Talwalkar, Mr. Tan and Mr. Thomas Krause, the vice president of corporate development of Avago, continued to negotiate the transaction price and other terms of the potential transaction. At the conclusion of these negotiations, Mr. Krause presented Avago s best and final offer to acquire the Company at a price of $11.15 per share of Company common stock. After this offer was presented, Mr. Talwalkar contacted Mr. Tan in an effort to increase Avago s offer price by an additional $0.10 per share. Mr. Tan refused to increase the offered price and confirmed that Avago s best and final offer was still $11.15 per share.

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On November 13, 2013, our general counsel provided our board with a summary of the discussions between representatives of Qatalyst Partners, Mr. Talwalkar, Mr. Tan and Mr. Krause and of Avago s best and final offer of $11.15 per share.

On November 14, 2013, Mr. Talwalkar and representatives of Qatalyst Partners contacted Mr. Tan and Mr. Krause to discuss the parameters of the proposed transaction, including the proposed price of $11.15 per share, proposed timing, deal certainty and their common interest in preserving and maintaining employee stability. At the conclusion of this discussion, Mr. Talwalkar indicated that he would be supportive of working to conclude due diligence and continuing to negotiate the specific terms of the proposed transaction.

On November 15, 2013, representatives of the Company, Qatalyst Partners and Skadden Arps attended a meeting at the offices of Latham & Watkins LLP, counsel to Avago, which we refer to as Latham & Watkins. Representatives of Avago and its proposed financing sources, including Silver Lake, were also present. At the meeting, the parties and their advisors discussed the timing for negotiating a definitive agreement and Avago identified outstanding due diligence matters that it needed to complete before entering into a definitive agreement.

On November 18, 2013, our board of directors held a meeting. At the meeting, representatives of Qatalyst Partners summarized discussions and negotiations with Avago, which had concluded with Avago making a best and final offer to acquire the Company at a price of $11.15 per share. The board next considered Avago s request for exclusivity and determined that because the strategic process to date had not resulted in any other actionable proposals for the sale of the Company and because Avago would not expend the significant resources necessary to complete due diligence and negotiate a definitive agreement absent exclusivity, the board of directors would authorize the Company to enter into an exclusivity agreement providing for a short period of exclusivity that would remain effective only so long as Avago s per share offer price remained at or above $11.15. On this date, our common stock closed at a per share price of $8.18.

On November 19, 2013, the Company and Avago entered into an agreement providing for exclusivity for a period ending on the earlier of the date on which Avago informed the Company that it was no longer interested in acquiring the Company, December 20, 2013, and the date, if any, on which Avago reduced the proposed purchase price below $11.15 per share of Company common stock.

On November 25 and November 26, 2013, representatives of the Company and Avago held in person due diligence meetings to discuss the Company s businesses, operations and financial outlook.

On November 26, 2013, our board of directors held a meeting. At the meeting, Mr. Talwalkar and representatives of Qatalyst Partners updated the board on the Company s recent discussions with Avago and its representatives on the expected timing to complete negotiation of the definitive agreement and related documentation and the timing for approval of the merger agreement and the transaction. A representative of Skadden Arps reviewed other key terms of the transaction, including timing, required regulatory approvals, communications with Company employees and certain financial matters.

On November 27, 2013, Latham & Watkins delivered an initial draft of a proposed merger agreement to Skadden Arps. The proposed merger agreement was promptly forwarded to our board of directors and management. Between that date and December 15, 2013, Latham & Watkins and Skadden Arps, as well as representatives of Avago and representatives of the Company and Qatalyst Partners, had numerous discussions to negotiate the terms of the merger agreement.

On December 2, 2013, our board of directors held a meeting to review the terms of Avago s proposed merger agreement. Representatives of Skadden Arps, Qatalyst Partners and our management summarized the key terms of the merger agreement and described Avago s proposed financing

structure for the transaction. Our board of directors emphasized the need for assurances that the transaction would close, particularly with respect to Avago s obligations to obtain financing for the transaction, the need to maintain stability among the Company s employees and incentivize employees to remain with the Company both between signing and closing and after consummation of the merger and the need to ensure that the proposed merger agreement did not unduly restrict the board s ability to take actions necessary to comply with its fiduciary duties during the period following entry into the merger agreement. Our board also highlighted the importance of having appropriate termination rights and remedies available to the Company under the merger agreement in the event of a financing failure.

On December 3, 2013, Skadden Arps delivered a revised draft of the proposed merger agreement to Latham & Watkins (other than the representations and warranties). This draft of the proposed merger agreement was promptly forwarded to our board of directors.

On December 6, 2013, Skadden Arps delivered a further revised draft of the proposed merger agreement to Latham & Watkins that included proposed revisions to the representations and warranties. This draft of the proposed merger agreement was promptly forwarded to our board of directors.

On December 9, 2013, our board of directors held a meeting to discuss the status of negotiations with Avago. Members of our management updated the board on the status of Avago s due diligence and representatives of Skadden Arps reviewed the material terms of the latest draft of the proposed merger agreement. Our board of directors discussed the importance of assuring the transaction would close, particularly with respect to financing, employee stability and of maintaining the Company s ability to operate in the ordinary course of business between signing and closing. Mr. Talwalkar discussed the financial terms of the proposed transaction with Avago and provided an update on the Company s projected fourth quarter and 2014 financial results, which he provided to Avago later that day.

Later on December 9, 2013, Latham & Watkins delivered a further revised draft of the proposed merger agreement to Skadden Arps. On December 10, 2013, this draft of the merger agreement was forwarded to our board of directors.

Between December 11 and December 12, 2013, members of the management of each of the Company and Avago and their legal counsel and financial advisors held meetings to negotiate the proposed merger agreement. Key issues discussed included each party s termination rights and fees, the efforts Avago would need to exert to obtain financing for the merger, the operation of the Company between signing and closing and proposed revisions to certain of the Company s change in control and termination policies requested by Avago.

On December 12, 2013, members of our management updated our board of directors on the discussions with Avago. Also on December 12, 2013, Avago s financing sources delivered a draft debt commitment letter and redacted draft fee letter to Qatalyst Partners, which were promptly forwarded to our management and Skadden Arps. Between December 12 and December 15, 2013, representatives of Skadden Arps, Latham & Watkins and Simpson Thacher & Bartlett LLP, which we refer to as Simpson Thacher, counsel to Avago s financing sources, including Silver Lake, negotiated the terms of the debt commitment letter.

After trading hours concluded on December 13, 2013, Mr. Talwalkar and Mr. Tan together placed calls to the chief executive officers of two significant customers of the Company to permit Mr. Tan to assess the Company s relationship with these customers. The chief executive officers of both customers were instructed to keep the existence and content of these discussions in strict confidence.

Between December 13 and December 15, 2013, Skadden Arps and Latham & Watkins exchanged drafts of the proposed merger agreement and together with representatives of the Company and Avago,

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negotiated the remaining open issues in the proposed merger agreement. The principal remaining issues were related to deal certainty and the Company s remedies in the event of a financing failure. These drafts of the merger agreement were promptly forwarded to our board of directors and management.

On December 14, 2013, Avago delivered a draft of the note purchase agreement it intended to enter into with Silver Lake as part of the financing of the merger, described in The Merger Agreement Financing of the Merger beginning on page 53. Between December 14 and December 15, 2013, representatives of Skadden Arps, Latham & Watkins and Simpson Thacher negotiated the terms of the note purchase agreement.

On December 15, 2013, our board of directors held a meeting. Representatives of Skadden Arps provided a summary of the terms of the merger agreement, a draft of which had been provided to the board in advance of the meeting. Representatives of Skadden Arps and Qatalyst Partners also discussed with the board remaining open issues in the merger agreement, highlighting the termination rights and remedies available to the Company under the merger agreement in the event of a financing failure. Following extensive discussion, the board of directors directed management and its advisors to include in the merger agreement language providing for uncapped damages in the event of an intentional breach of the merger agreement by Avago. Members of our management next summarized and submitted for the board s approval the amended and restated Company change in control and termination policies required by Avago. Representatives of Qatalyst Partners then presented Qatalyst Partners financial analyses of the consideration to be received by the holders of shares of Company common stock pursuant to the merger agreement to the Company s board of directors and orally rendered its opinion, which was confirmed by delivery of a written opinion dated December 15, 2013, to the effect that, as of December 15, 2013, and based on and subject to the considerations, limitations and other matters set forth therein, the consideration to be received by the holders of shares of Company common stock, other than Avago USA and any affiliates of Avago USA, pursuant to the merger agreement was fair from a financial point of view to such holders. After further discussion, the board of directors, having determined that the terms of the merger agreement and the transactions contemplated thereby on the terms discussed by the board of directors at the meeting, including the merger, were fair to and in the best interests of the stockholders of the Company, unanimously approved and declared advisable the merger agreement and the transactions contemplated thereby, including the merger, directed that the merger agreement as approved by the board be submitted to our stockholders for adoption and approval, and recommended that our stockholders vote in favor of the adoption and approval of the merger agreement and the transactions contemplated thereby, including the merger.

Following the meeting, Skadden Arps and Latham & Watkins agreed on a final form of the merger agreement, which was subsequently approved by our board of directors following Avago s confirmation that the merger agreement was final. Thereafter, the Company, Avago, Avago USA and Merger Sub executed and delivered the merger agreement on December 15, 2013. Avago also delivered executed copies of the debt commitment letter and redacted fee letter, as well as an executed copy of the note purchase agreement entered into with Silver Lake. Avago and the Company issued a joint press release announcing the execution of the merger agreement before the open of trading in Avago and the Company s common stock on December 16, 2013. Upon execution of the merger agreement, all standstill provisions in the confidentiality agreements entered into with Party A, Party B and Party C terminated automatically in accordance with their terms. From the date of the original indication of interest on October 30, 2013 through the signing of the merger agreement, the Company s common stock closed at prices ranging from $7.90 to $8.48 per share. On December 13, 2013, the last trading day before the announcement of the transaction, our common stock closed at a per share price of $7.91.

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On December 30, 2013, each of the Company and Avago USA filed a notification and report form with the FTC and the DOJ under the HSR Act, and each requested early termination of the waiting period. Also on December 30, 2013, each of the Company and Avago USA submitted initial notifications about the merger to the antitrust authorities of the People s Republic of China, the Russian Federation and the Federal Republic of Germany. On January 17, 2014, the Bundeskartellamt (Federal Cartel Office) of the Federal Republic of Germany approved the merger.

Reasons for the Merger; Recommendation of the Board of Directors

At a meeting held on December 15, 2013 and pursuant to an action by written consent delivered on such date, our board of directors unanimously determined that the proposed merger was advisable, fair to, and in the best interests of, the stockholders of the Company, unanimously approved the merger agreement and the transactions contemplated thereby, including the merger, directed that the merger agreement be submitted to our stockholders for adoption and approval, and unanimously recommended that our stockholders vote in favor of the adoption and approval of the merger agreement.

In evaluating the merger agreement, the merger and the other transactions contemplated by the merger agreement, our board of directors consulted with our senior management team, as well as our outside legal and financial advisors, and considered a number of factors, among others, including the following material factors (not in any relative order of importance):

- the fact that the merger consideration of $11.15 per share to be received by the holders of Company common stock in the merger represents a significant premium over the market price at which the Company common stock traded prior to the announcement of the execution of the merger agreement, including the fact that the merger consideration of $11.15 per share represents an approximate premium of:
  - 41.0% based on the closing price per share of $7.91 on December 13, 2013, the last full trading day before the execution of the merger agreement was publicly announced; and
  - 37.3% based on the volume-weighted average closing price per share of $8.12 over the 30-day period ending December 13, 2013;
- the oral opinion delivered to our board of directors on December 15, 2013, and subsequently confirmed by Qatalyst Partners written opinion to our board of directors dated such date, to the effect that, based upon and subject to the considerations, limitations and other matters set forth therein, the consideration to be received by the holders of Company common stock, other than Avago USA or any affiliates of Avago USA, pursuant to the merger agreement was fair, from a financial point of view, to such holders, and Qatalyst Partners related financial analyses presented to the Company board of directors in connection with the delivery of its oral opinion. You are urged to read Qatalyst Partners written opinion, which is set forth in its entirety in **Annex B** to this proxy statement, and the discussion of the opinion and Qatalyst Partners analyses in The Merger Opinion of Qatalyst Partners LP beginning on page 44;
- the fact that the proposed merger consideration is all cash, which provides certainty of value and liquidity to our stockholders for their shares of Company common stock;
- the belief of our board of directors that at this time the merger consideration of $11.15 per share is more favorable to our stockholders than the potential value that might result from other alternatives reasonably available to the Company (including the alternative of remaining a stand-alone public company and other strategic or recapitalization strategies that might be pursued as a stand-alone public company);

after reviewing publicly available and other financial information with respect to Avago with the assistance of legal and financial advisors, our board of directors assessment that Avago has adequate financial resources to pay the aggregate merger consideration, including the limited, and high likelihood of satisfaction of, conditions to the debt financing commitment obtained by Avago Finance and the note purchase agreement entered into by Avago with Silver Lake, as described below under The Merger Financing of the Merger beginning on page 53 of this proxy statement, Avago s representations and covenants contained in the merger agreement relating to such financing and our board of directors assessment, after consultation with its financial adviser, of Avago s ability to obtain financing;

the fact that the price proposed by Avago reflected extensive negotiations between the parties and their respective advisors and our board of directors and financial advisor s belief that the agreed price was the highest price per share Avago was willing to agree to and the highest any buyer would offer;

that the members of the board of directors of the Company were unanimous in their determination to recommend the merger agreement for adoption by our stockholders;

the terms and conditions of the merger agreement and related transaction documents, in addition to those described above (relating to regulatory approvals, antitrust approvals and financing) including:

- the limited and otherwise customary conditions to the parties obligations to complete the merger, including the commitment by Avago to obtain applicable regulatory approvals and assume the risks related to certain conditions and requirements that may be imposed by regulators in connection with securing such approvals, the absence of a financing condition and Avago s representations, warranties and covenants related to obtaining financing for the transaction, which were substantial assurances that the merger ultimately should be consummated on a timely basis;

- the requirement that the merger will only be effective if approved by the holders of a majority of the outstanding shares of Company common stock;

- the delivery by Avago of a debt commitment letter and the note purchase agreement setting forth the financing commitments and other arrangements regarding the financing Avago contemplated using to consummate the transaction;

- the requirement that, in the event of a failure of Avago to consummate the acquisition when the Company and Avago are otherwise obligated, and the Company has irrevocably confirmed that it is prepared to consummate the merger, Avago USA will pay, or cause to be paid to, the Company a termination fee of $400 million;

- our ability to seek damages in the event of a willful breach by Avago of its obligations under the merger agreement;

- prior to approval of the merger by our stockholders, our ability, under certain limited circumstances, to furnish information to, and conduct negotiations with, third parties regarding an acquisition proposal;

- prior to approval of the merger by our stockholders, our ability, subject to certain conditions, to terminate the merger agreement in order to accept a superior proposal, subject to paying or causing to be paid to Avago USA the Company termination fee of $200 million (equal to approximately 3% of the equity value of the transaction), which our board of directors determined, with the assistance of its legal and financial

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advisors, was reasonable in light of, among other things, the benefits of the merger to our stockholders, the typical size of such fees in similar transactions and the belief that a fee of such size would not preclude or unreasonably restrict the emergence of alternative transaction proposals as more fully described in The Merger Agreement Termination Fees beginning on page 89 of this proxy statement;

our ability to seek to specifically enforce Avago s obligations under the merger agreement, including Avago s obligations to consummate the merger;

the ability of our board of directors, subject to certain conditions, to change its recommendation supporting the merger, regardless of the existence of a competing or superior acquisition proposal, to the extent our board of directors determines that such action is necessary to comply with its fiduciary duties to our stockholders under the DGCL;

the customary nature of the other representations, warranties and covenants of the Company in the merger agreement; and

the fact that the financial and other terms and conditions of the merger agreement minimize, to the extent reasonably practical, the risk that a condition to closing would not be satisfied and also provide reasonable flexibility to operate our business during the pendency of the merger;

the fact that we have conducted a process of exploring our strategic alternatives stretching over four months during which time representatives of the Company sought offers to purchase from a group of five potential strategic buyers, Party A, Party B, Party C, Party D and Avago, four of whom, Party A, Party B, Party C and Avago, entered into confidentiality agreements with us and received confidential marketing materials and other non-public information, and none of whom, after receiving such non-public information and conducting due diligence, made an offer in cash at a value greater than the $11.15 per share merger consideration;

after lengthy meetings with management, our board of directors consideration of our business, strategy, assets, financial condition, capital requirements, results of operations, competitive position and historical and projected financial performance, and the nature of the industry and regulatory environment in which we compete, and the risks and upside potential relating thereto and the potential impact of those factors on the trading price of Company common stock (which cannot be quantified numerically);

the risks and uncertainties associated with maintaining our existence as an independent company and the opportunities presented by the merger, including the risks and uncertainties with respect to:

achieving our growth plans in light of the current and foreseeable market conditions, including the risks and uncertainties in the U.S. and global economy generally and the high-performance storage and semiconductor industries specifically;

the general risks and market conditions that could affect the price of our common stock;

the risk factors set forth in the our Form 10-K for the fiscal year ended December 31, 2012 and subsequent reports filed with the SEC; and

the inherent uncertainty of attaining management s internal financial projections, including those set forth in the section entitled The Merger Certain Company

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Forecasts beginning on page 51 of this proxy statement, including the fact that our actual financial results in future periods could differ materially and adversely from the projected results;

the negotiation process with Avago, which was conducted at arm s length, and the fact that our senior management and our legal and financial advisors were directly involved throughout the negotiations and updated our board of directors directly and regularly; and

the availability of appraisal rights under Delaware law to holders of shares of Company common stock who do not vote in favor of the adoption of the merger agreement and comply with all of the required procedures under Delaware law, which provides those eligible stockholders with an opportunity to have a Delaware court determine the fair value of their shares, which may be more than, less than, or the same as the amount such stockholders would have received under the merger agreement.

The board of directors also considered a variety of potentially negative factors in its deliberations concerning the merger agreement and the merger, including the following (not in any relative order of importance):

the fact that the completion of the merger will generally preclude the Company s stockholders from having any ongoing equity participation in the Company and, as such, current stockholders of the Company will cease to participate in the Company s future earnings or growth, if any, or to benefit from increases, if any, in the value of the Company common stock;

the risks and costs to the Company if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;

the risk that certain key members of our senior management might choose not to remain employed with the Company prior to the completion of the merger;

that we are obligated to pay Avago USA a termination fee of $200 million if the merger agreement is terminated under certain circumstances, which our board of directors believes, after consulting with its legal and financial advisors, would not preclude competing offers following the announcement of the transaction;

that the merger is conditioned on the receipt of regulatory approvals and clearances, including the expiration or termination of the waiting period under the HSR Act, the receipt of affirmative approval or clearance required under the antitrust laws of the People s Republic of China, the Russian Federation and the Federal Republic of Germany, and, therefore, the merger may not be completed in a timely manner or at all;

the risk that the merger may not be consummated despite the parties efforts or that consummation may be unduly delayed, even if the requisite approval is obtained from our stockholders, including the possibility that conditions to the parties obligations to complete the merger may not be satisfied and the potential resulting disruptions to the Company s business;

the fact that the Company may be unable to obtain stockholder approval for the transactions contemplated by the merger agreement;

the risk that the debt financing contemplated by the debt commitment letters will not be obtained or that the transactions contemplated by the note purchase agreement with Silver Lake will not be consummated, resulting in Avago not having sufficient funds to complete the merger;

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the merger agreement s restrictions on the conduct of the Company s business prior to the completion of the merger, generally requiring the Company to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger;

the fact that we are prohibited from paying dividends prior to the consummation of the merger;

the fact that the Company s executive officers and directors may have interests in the transactions contemplated by the merger agreement that are different from, or in addition to, those of the Company s other stockholders, and the risk that these interests might influence their decision with respect to the transactions contemplated by the merger agreement (as more fully described in the section entitled The Merger Interests of Certain Persons in the Merger beginning on page 57);

the fact that the Company has incurred and will continue to incur significant transaction costs and expenses in connection with the proposed transaction, regardless of whether the merger is consummated; and

the fact that the receipt of cash in exchange for shares of Company common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes.

After considering the foregoing potentially positive and potentially negative factors, our board of directors concluded that the potentially positive factors relating to the merger agreement and the merger outweighed the potentially negative factors.

The foregoing discussion of the information and factors considered by our board of directors is not intended to be exhaustive, but includes the material factors considered by our board of directors. In view of the variety of factors considered in connection with its evaluation of the merger, our board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The board of directors did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. The board of directors based its recommendation on the totality of the information presented.

In considering the recommendation of our board of directors with respect to the proposal to adopt the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, yours. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. See the section entitled The Merger Interests of Certain Persons in the Merger beginning on page 57.

The board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement, FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and FOR the LSI Advisory (Non-Binding) Proposal on Specified Compensation.

Opinion of Qatalyst Partners LP

We retained Qatalyst Partners to act as financial advisor to our board of directors in connection with a potential transaction such as the merger and to evaluate whether the consideration to be received by the holders of our Company common stock, other than Avago USA or any affiliates of Avago USA,

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pursuant to the merger agreement was fair, from a financial point of view, to such holders. We selected Qatalyst Partners to act as our financial advisor based on Qatalyst Partners qualifications, expertise, reputation and knowledge of the business and affairs of the Company and the industry in which the Company operates. Qatalyst Partners has provided its written consent to the reproduction of the Qatalyst Partners opinion in this proxy statement. At the meeting of our board of directors on December 15, 2013, Qatalyst Partners rendered its oral opinion, that, as of such date and based upon and subject to the considerations, limitations and other matters set forth therein, the $11.15 per share cash consideration to be received by the holders of Company common stock, other than Avago USA or any affiliates of Avago USA, pursuant to the merger agreement was fair, from a financial point of view, to such holders. Qatalyst Partners delivered its written opinion, dated December 15, 2013, to our board of directors following the board meeting.

The full text of Qatalyst Partners written opinion, dated December 15, 2013 to our board of directors is attached hereto as **Annex B** and is incorporated by reference herein. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Qatalyst Partners in rendering its opinion. You should read the opinion carefully in its entirety. Qatalyst Partners opinion was provided to our board of directors and addresses only, as of the date of the opinion, the fairness from a financial point of view, of the $11.15 per share cash consideration to be received by the holders of Company common stock, other than Avago USA or any affiliates of Avago USA, pursuant to the merger agreement, and it does not address any other aspect of the merger. It does not constitute a recommendation as to how any stockholder should vote with respect to the merger or any other matter and does not in any manner address the price at which the Company common stock will trade at any time. The summary of Qatalyst Partners opinion set forth herein is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Qatalyst Partners reviewed the merger agreement, certain related documents and certain publicly available financial statements and other business and financial information of the Company. Qatalyst Partners also reviewed certain forward-looking information prepared by our management, including financial projections and operating data of the Company and sensitivities thereto based on a range of alternative operating metrics, which we refer to as the Management Projections described below in the section entitled The Merger Certain Company Forecasts, beginning on page 51. Additionally, Qatalyst Partners discussed the past and current operations and financial condition and the prospects of the Company with our senior executives. Qatalyst Partners also reviewed the historical market prices and trading activity for the Company common stock and compared our financial performance and the prices and trading activity of the Company common stock with that of certain other selected publicly traded companies and their securities. In addition, Qatalyst Partners reviewed the financial terms, to the extent publicly available, of selected acquisition transactions and performed such other analyses, reviewed such other information and considered such other factors as Qatalyst Partners deemed appropriate.

In arriving at its opinion, Qatalyst Partners assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to, or discussed with, Qatalyst Partners by the Company. With respect to the Management Projections, Qatalyst Partners was advised by our management, and Qatalyst Partners assumed, that the Management Projections had been reasonably prepared on bases reflecting the best currently available estimates and judgments of our management of our future financial performance and other matters covered thereby. Qatalyst Partners assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement, without any modification or delay. In addition, Qatalyst Partners assumed, that in connection with the receipt of all the necessary approvals of the proposed merger, no delays, limitations, conditions or restrictions will be imposed that could

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have an adverse effect on us or the contemplated benefits expected to be derived in the proposed merger. Qatalyst Partners did not make any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the Company, nor was Qatalyst Partners furnished with any such evaluation or appraisal. In addition, Qatalyst Partners relied, without independent verification, upon the assessment of our management as to our existing and future technology and products and the risks associated with such technology and products. Qatalyst Partners opinion has been approved by Qatalyst Partners opinion committee in accordance with its customary practice.

Qatalyst Partners opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Events occurring after the date of the opinion may affect Qatalyst Partners opinion and the assumptions used in preparing it, and Qatalyst Partners has not assumed any obligation to update, revise or reaffirm its opinion. Qatalyst Partners opinion does not address the underlying business decision of the Company to engage in the merger, or the relative merits of the merger as compared to any strategic alternatives that may be available to us. Qatalyst Partners opinion is limited to the fairness, from a financial point of view, of the $11.15 per share cash consideration to be received by the holders of the Company common stock, other than Avago USA or any Affiliate of Avago USA, pursuant to the merger agreement, and Qatalyst Partners expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of our officers, directors or employees, or any class of such persons, relative to such consideration.

The following is a brief summary of the material analyses performed by Qatalyst Partners in connection with its opinion dated December 15, 2013. The analyses and factors described below must be considered as a whole; considering any portion of such analyses or factors, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Qatalyst Partners opinion. For purposes of its analyses, Qatalyst Partners utilized both the consensus of third-party research analysts projections, which we refer to as the Analyst Projections , and the Management Projections. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by Qatalyst Partners, the tables must be read together with the full text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Qatalyst Partners financial analyses.

Illustrative Discounted Cash Flow Analysis

Qatalyst Partners performed an illustrative discounted cash flow, which we refer to as the DCF analysis, which is designed to imply a potential, present value of share values for the Company common stock as of December 31, 2013 by:

adding:

(a) the implied net present value of the estimated future unlevered free cash flows of the Company, based on the Management Projections, for calendar year 2014 through calendar year 2018 (which implied present value was calculated by using a range of discount rates of 11.0% to 15.0%, based on an estimated weighted average cost of capital);

(b) the implied net present value of a corresponding terminal value of the Company, calculated by multiplying the estimated non-GAAP net operating profit after taxes (assuming an effective tax rate of 12%, which tax rate excludes the effect of the Company s estimated, remaining tax attributes, as such tax attributes were separately valued as set forth in item (c) below) in calendar year 2019, based on the Management

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Projections, by a range of multiples of enterprise value to next-twelve-months estimated non-GAAP net operating profit after taxes of 10.0x to 14.0x and discounted to present value using the same range of discount rates used in item (a) above;

(c) the implied present value of the Company s forecasted tax attributes outstanding as of January 1, 2019, based on the Company s projections, discounted to present value using the same range of discount rates used in item (a) above; and

(d) the cash and short-term investments of the Company estimated as of December 31, 2013;

subtracting the Company s unfunded pension and post-retirement benefit obligations liability estimated as of December 31, 2013, from the amount calculated in the immediately preceding bullet;

applying a dilution factor of 12% to reflect the dilution to current stockholders over the projection period due to the effect of future equity compensation grants projected by the Company s management; and

dividing the resulting amount by the number of shares of the Company s common stock outstanding, adjusted for service-based RSUs, performance-based RSUs and stock options outstanding, as provided by our management as of December 1, 2013, using the treasury stock method.

Based on the calculations set forth above, this analysis implied a range of values for the Company common stock of approximately $9.88 to $13.96 per share.

Qatalyst Partners conducted a further DCF analysis to illustrate the sensitivity to changes in revenue and gross profit margin identified by our management based on a variety of risk factors to certain of our business units and on potential savings to calendar year 2019 operating expenses, in each case relative to the Management Projections. These sensitivities adjusted the Management Projections as follows: (a) revenue by using a calendar year 2013 to 2019 compound annual growth rate, which we refer to as CAGR, range of 5.3% to 7.7%, as compared to a 9.3% CAGR in the Management Projections, (b) gross profit margin for calendar year 2019 by using a range of 53.3% to 53.7%, as compared to 55.2% in the Management Projections, and (c) operating expenses for 2019 by using a range of potential spending reductions from zero to $200,000,000 as compared to the Management Projections. This analysis also employed a multiple of next-twelve-months (calendar year 2019) non-GAAP net operating profit after taxes (assuming an effective tax rate of 12%, which tax rate excludes the effect of the Company s estimated, remaining tax attributes, as such tax attributes were separately valued in the analysis) of 12.0x for purposes of calculating terminal values, a discount rate of 13.0%, based on an estimated weighted average cost of capital, and a dilution factor of 12.0% to reflect the dilution to current stockholders over the projection period due to the effect of equity compensation grants projected by our management. These calculations resulted in a range of implied present values for the Company common stock of approximately $6.11 to $10.51 per share.

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Selected Companies Analysis

Qatalyst Partners compared selected financial information and public market multiples for the Company with publicly available information and public market multiples for selected companies. The companies used in this comparison included those companies listed below, which were selected from publicly traded companies in our industry by Qatalyst Partners based on its professional judgment.

Altera Corporation

Avago Technologies, Ltd.

Broadcom Corporation

Cavium, Inc.

Freescale Semiconductor, Ltd.

Marvell Technology Group Ltd.

Mellanox Technologies, Ltd.

PMC-Sierra, Inc.

Xilinx, Inc.

Based upon research analyst consensus estimates for calendar year 2014, and using the closing prices as of December 13, 2013 for shares of the selected companies, Qatalyst Partners calculated, among other things, the implied fully diluted enterprise value divided by the estimated consensus revenue for calendar year 2014, which we refer to as the CY2014E Revenue Multiples, for each of the selected companies. The low, high and median CY2014E Revenue Multiples among the selected companies analyzed were 1.3x, 4.9x and 2.9x, respectively. The implied fully diluted enterprise value divided by the estimated consensus revenue for calendar year 2014 for the Company was 1.8x based on the Analyst Projections.

Based on an analysis of the CY2014E Revenue Multiples for the selected companies, Qatalyst Partners selected a representative range of 1.5x to 2.5x and applied this range to our estimated calendar year 2014 revenue based on each of the Updated Selected 2014 Financial Information and the Analyst Projections. Based on the Company s fully-diluted shares (assuming treasury stock method), including common stock, service-based RSUs, performance-based RSUs and options outstanding as provided by our management for the period ended December 1, 2013, this analysis implied a range of values for the Company common stock of approximately $7.01 to $11.28 per share based on the Updated Selected 2014 Financial Information and approximately $6.61 to $10.64 per share based on the Analyst Projections.

Based upon research analyst consensus estimates for calendar year 2014 and using the closing prices as of December 13, 2013 for shares of the selected companies, Qatalyst Partners calculated, among other things, the implied price to earnings per share multiples for calendar year 2014, which we refer to as the CY2014E P/E Multiples, for each of the selected companies. The low, high and median CY2014E P/E Multiple among the selected companies analyzed were 11.2x, 25.1x and 14.8x, respectively, and the implied price to earnings per share multiple for calendar year 2014 for the Company was 11.5x based on the Analyst Projections.

Based on an analysis of CY2014E P/E Multiples for the selected companies, Qatalyst Partners selected a representative range of 11.0x to 15.0x for the CY2014E P/E Multiples and applied this range to our calendar year 2014 expected earnings per share based on each of the Updated Selected 2014 Financial Information, and the Analyst Projections. This analysis implied a range of values for the Company common stock of approximately $9.00 to $12.28 per share based on the Updated Selected 2014 Financial Information, and approximately $7.59 to $10.35 per share based on the Analyst Projections.

No company included in the selected companies analysis is identical to the Company. In evaluating the selected companies, Qatalyst Partners made judgments and assumptions with regard to

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industry performance, general business, economic, market and financial conditions and other matters. Many of these matters are beyond the control of the Company, such as the impact of competition on our business and the industry in general, industry growth and the absence of any material adverse change in our financial condition and prospects of or the industry or in the financial markets in general. Mathematical analysis, such as determining the arithmetic mean, median, or the high or low, is not in itself a meaningful method of using selected company data.

Selected Transactions Analysis

Qatalyst Partners compared 23 selected transactions announced between January 2001 and August 2013 involving companies in the semiconductor industry selected by Qatalyst Partners based on its professional judgment. These transactions are listed below:

Announcement Date	Target	Acquiror
August 15, 2013	Volterra Semiconductor Corporation	Maxim Integrated Products, Inc.
July 12, 2013	Spreadtrum Communications, Inc.	Tsinghua Unigroup Ltd.
June 22, 2012	MStar Semiconductor, Inc.	MediaTek, Inc.
May 2, 2012	Standard Microsystems Corporation	Microchip Technology Incorporated
September 12, 2011	NetLogic Microsystems, Inc.	Broadcom Corporation
April 4, 2011	National Semiconductor Corporation	Texas Instruments Incorporated
January 5, 2011	Atheros Communications, Inc.	QUALCOMM Incorporated
August 30, 2010	Infineon Technologies AG (Wireless Business)	Intel Corporation
April 10, 2008	NXP B.V. (Wireless Business)	STMicroelectronics N.V. (Wireless Business)
December 13, 2007	AMIS Holdings, Inc.	ON Semiconductor Corporation
August 13, 2007	Sirenza Microdevices, Inc.	RF Micro Devices, Inc.
December 4, 2006	Agere Systems Inc.	LSI Logic Corporation
September 15, 2006	Freescale Semiconductor, Inc.	Investor Group
August 3, 2006	Royal Philips Electronics (NXP Semiconductor N.V.)	Investor Group
July 30, 2006	msystems Ltd.	SanDisk Corporation
July 23, 2006	ATI Technologies Inc.	Advanced Micro Devices, Inc.
March 8, 2006	Lexar Media, Inc.	Micron Technology, Inc.
January 9, 2006	Texas Instruments Incorporated (Sensors and Controls Units)	Bain Capital, LLC
August 15, 2005	Agilent Technologies, Inc. (Semiconductor Products Division)	Investor Group (Kohlberg Kravis Roberts & Co. and Silver Lake Partners)
June 15, 2005	Integrated Circuit Systems, Inc.	Integrated Device Technology, Inc.
March 10, 2002	Elantec Semiconductor Inc.	Intersil Corporation
May 15, 2001	Sawtek Inc.	TriQuint Semiconductor Inc.
January 29, 2001	Dallas Semiconductor Corporation	Maxim Integrated Products, Inc.

For each of the transactions listed above, Qatalyst Partners reviewed, among other things, the implied fully diluted enterprise value of the target company as a multiple of the next-twelve-months revenue of the target company, as reflected in Wall Street analyst research, certain publicly available financial statements and press releases. Based on the analysis of such metrics for the transactions noted above, Qatalyst Partners selected a representative range of 2.0x to 3.0x applied to our next-twelve-months (ending September 30, 2014) estimated revenue reflected in the Analyst Projections. Based on the calculations set forth above and the Company s fully-diluted shares (assuming treasury stock method), including common stock, service-based RSUs, performance-based RSUs and options

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outstanding as provided by our management for the period ended December 1, 2013, this analysis implied a range of values for the Company common stock of approximately $8.48 to $12.39 per share.

For each of the selected transactions, Qatalyst Partners also reviewed, among other things, the price paid of the target company as a multiple of the next-twelve-months earnings of the target company reflected in Wall Street analyst research, certain publicly available financial statements and press releases. Based on the analysis of such metrics for the transactions noted above, Qatalyst Partners selected a representative range of 20.0x to 26.0x applied to our next-twelve-months (ending September 30, 2014) estimated earnings per share reflected in the Analyst Projections. Based on the calculations set forth above, this analysis implied a range of values for the Company common stock of approximately $13.04 to $16.95 per share.

No company or transaction utilized in the selected transactions analysis is identical to the Company or the merger. In evaluating the selected transactions, Qatalyst Partners made judgments and assumptions with regard to general business, market and financial conditions and other matters, many of which are beyond our control, such as the impact of competition on our business or the industry generally, industry growth and the absence of any material adverse change in our financial condition or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared. Because of the unique circumstances of each of these transactions and the merger, Qatalyst Partners cautioned against placing undue reliance on this information.

Miscellaneous

In connection with the review of the merger by our board of directors, Qatalyst Partners performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily amenable to a partial analysis or summary description. In arriving at its opinion, Qatalyst Partners considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Qatalyst Partners believes that selecting any portion of its analyses, without considering all analyses as a whole, could create a misleading or incomplete view of the process underlying its analyses and opinion. In addition, Qatalyst Partners may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Qatalyst Partners view of the actual value of the Company. In performing its analyses, Qatalyst Partners made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond our control. Any estimates contained in Qatalyst Partners analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Qatalyst Partners conducted the analyses described above solely as part of its analysis of the fairness, from a financial point of view, of the $11.15 per share cash consideration to be received by the holders of the Company common stock, other than Avago USA or any affiliates of Avago USA, pursuant to the merger agreement, and in connection with the delivery of its opinion to our board of directors. These analyses do not purport to be appraisals or to reflect the price at which the Company common stock might actually trade.

Qatalyst Partners opinion and its presentation to our board of directors was one of many factors considered by our board of directors in deciding to approve the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of our board of directors with respect to the consideration to be received by our stockholders pursuant to the merger or

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of whether our board of directors would have been willing to agree to a different consideration. The consideration was determined through arm s-length negotiations between the Company and Avago and was approved by our board of directors. Qatalyst Partners provided advice to us during these negotiations. Qatalyst Partners did not, however, recommend any specific consideration to us or that any specific consideration constituted the only appropriate consideration for the merger.

Qatalyst Partners provides investment banking and other services to a wide range of corporations and individuals, domestically and offshore, from which conflicting interests or duties may arise. In the ordinary course of these activities, affiliates of Qatalyst Partners may at any time hold long or short positions, and may trade or otherwise effect transactions in debt or equity securities or loans of the Company, Avago or certain of their respective affiliates. During the two year period prior to the date of Qatalyst Partners opinion, no material relationship existed between Qatalyst Partners or any of its affiliates and the Company or Avago pursuant to which compensation was received by Qatalyst Partners or its affiliates. However, Qatalyst Partners and/or its affiliates may in the future provide investment banking and other financial services to the Company and Avago or any of their respective affiliates for which it would expect to receive compensation.

Under the terms of its engagement letter, Qatalyst Partners provided the Company with financial advisory services in connection with the proposed merger for which it will be paid approximately $36 million, $5.25 million of which was payable upon delivery of its opinion, and the remaining portion of which will be paid upon, and subject to, consummation of the merger. The Company has also agreed to reimburse Qatalyst Partners for its expenses incurred in performing its services. The Company has also agreed to indemnify Qatalyst Partners and its affiliates, their respective members, directors, officers, partners, agents and employees and any person controlling Qatalyst Partners or any of its affiliates against certain liabilities, including liabilities under the federal securities law, and expenses related to or arising out of Qatalyst Partners engagement.

Certain Company Forecasts

The Company does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations other than for providing, from time to time, estimated ranges of certain expected financial results and operational metrics for the current quarter in its regular earnings press releases and other investor materials.

In connection with the Company s annual strategic planning process, our management prepares financial projections that include a forecast for the current year and projections for the three subsequent years. The first year of the projection period is periodically refined and updated to take into account the Company s actual financial results during the final fiscal quarters of the current year, as well as changes in the outlook for our businesses and the economic environment, before being finalized as the Company s financial plan for that period. These financial projections are not intended for public disclosure. In connection with the evaluation of the Company s strategic alternatives, in October of 2013, our management provided such non-public financial projections covering CY2014 CY2016, summarized below under the heading Management Projections , to interested parties that entered into confidentiality agreements with us, including to Avago and Silver Lake. Our management also provided such non-public financial projections covering CY2014 CY2019, summarized below under the heading Management Projections , to Qatalyst Partners in connection with Qatalyst Partners preparation of Qatalyst Partners opinion to the fairness, from a financial point of view, of the consideration to be received by the holders of the Company common stock, other than Avago USA and any affiliates of Avago USA, pursuant to the merger agreement, described further in The Merger Opinion of Our Financial Advisor beginning on page 44. Pursuant to the Company s normal process of refining its financial projections throughout the year, the projections for our 2014 revenue and non-GAAP earnings per share originally included in the Management Projections were updated by our management in

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December of 2013 to reflect our updated view of our 2014 revenue and non-GAAP earnings per share based on our estimated results for the fourth quarter of fiscal 2013 and our most recent view at that time of the outlook for our various businesses over the coming year. Our updated 2014 revenue projections and non-GAAP earnings per share were provided to Avago, Silver Lake and Qatalyst Partners and are summarized below under the heading Updated Selected 2014 Financial Information .

The internal financial analyses and projections for the Company were prepared by our management on the basis and for the limited and specific context described below. The projections were provided by management with a view to showing potential bidders the potential performance of the Company on the basis of certain assumptions contained therein and were provided to Qatalyst Partners for use in its financial analyses with respect to Qatalyst Partners opinion.

These financial projections and forecasts were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, the International Financial Reporting Standards, which we refer to as IFRS, or U.S. GAAP and do not, and were not intended to, act as public guidance regarding the Company s future financial performance. The inclusion of this information in this proxy statement should not be regarded as an indication that the Company or any recipient of this information considered, now considers or will consider this information to be necessarily predictive of future results. The Company does not intend to update or otherwise revise the financial projections to correct any errors existing in such projections when made, to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the financial projections are shown to be in error.

Although presented with numerical specificity, the financial projections and forecasts included in this proxy statement are based on numerous estimates, assumptions and judgments (in addition to those described below) that may not be realized and are inherently subject to significant business, economic and competitive uncertainties and contingencies related to various factors, including growth rates of the end markets in which we participate, timely completion of our product development schedules, the competitiveness of our current or future products relative to those of our competitors, the production plans and product transition schedules of our customers, and the acceptance in the marketplace of our customers products that incorporate our products and the other factors listed in this proxy statement under the section entitled Cautionary Note Regarding Forward-Looking Statements beginning on page 23. These or other factors may cause the financial projections or the underlying assumptions and estimates to be inaccurate. Since the financial projections cover multiple years, such information by its nature becomes less reliable with each successive year. The financial projections also do not take into account any circumstances or events occurring after the date they were prepared. The inclusion of the financial projections and forecasts in this proxy statement shall not be deemed an admission or representation by the Company that such information is material. **The inclusion of the projections should not be regarded as an indication that the Company considered or now considers them to be a reliable prediction of future results and you should not rely on them as such.** Accordingly, there can be no assurance that the financial projections will be realized, and actual results may vary materially from those reflected in the projections. You should read the section entitled Cautionary Note Regarding Forward-Looking Statements beginning on page 23 for additional information regarding the risks inherent in forward-looking information such as the financial projections.

Certain of the financial projections set forth herein may be considered non-U.S. GAAP financial measures. Non-U.S. GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with U.S. GAAP, and non-U.S. GAAP financial measures as used by the Company may not be comparable to similarly titled amounts used by other companies.

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The below dollar amounts are in millions of U.S. dollars, rounded to the nearest one million dollars.

Management Projections

	CY2014E	CY2015E	CY2016E	CY2017E	CY2018E	CY2019E
Revenue	$ 2,711	$ 3,123	$ 3,561	$ 3,783	$ 3,935	$ 4,031
Non-GAAP Operating Income(1)	$ 512	$ 667	$ 789	$ 838	$ 872	$ 893
EBITDA(2)	$ 575	$ 732	$ 864	$ 917	$ 954	$ 978

The following is a summary of the prospective net operating profit after tax and unlevered free cash flow of the Company for calendar years 2014 through 2019, which are derived from the prospective financial information summarized in the table above:

	CY2014E	CY2015E	CY2016E	CY2017E	CY2018E	CY2019E
NOPAT(3)	$ 486	$ 634	$ 749	$ 796	$ 828	$ 786
Unlevered Free Cash Flow(4)	$ 424	$ 569	$ 669	$ 758	$ 800	$ 765

Updated Selected 2014 Financial Information

	CY2014E
Revenue	$ 2,629
Non-GAAP EPS(5)	$ 0.82

(1) Non-GAAP Operating Income adjusts GAAP operating income to exclude costs associated with stock-based compensation, amortization of acquisition-related intangibles, and restructuring of operations and other items, net.

(2) EBITDA represents Earnings Before Interest, Taxes, Depreciation and Amortization, presented on a non-U.S. GAAP basis to exclude costs associated with stock-based compensation, amortization of acquisition-related intangibles, and restructuring of operations and other items, net.

(3) NOPAT represents Net Operating Profit After Tax, presented on a non-U.S. GAAP basis to exclude costs associated with stock-based compensation, amortization of acquisition-related intangibles, and restructuring of operations and other items, net.

(4) Unlevered Free Cash Flow is a non-U.S. GAAP financial measure calculated by starting with non-U.S. GAAP operating income and subtracting taxes, capital expenditures and investment in working capital and then adding back depreciation and amortization expense.

(5) Non-GAAP EPS (or Earnings Per Share) adjusts GAAP EPS to exclude costs associated with stock-based compensation, amortization of acquisition-related intangibles, and restructuring of operations and other items, net. It also excludes the income tax effect associated with the above-mentioned items.

Financing of the Merger

We anticipate that the total funds needed to complete the merger, including the funds needed to:

pay our stockholders (and holders of our other equity-based interests) the amounts due to them under the merger agreement, which, based upon the number of shares (and our other equity-based interests) outstanding as of December 31, 2013, would be approximately $6.6 billion; and

pay fees and expenses related to the merger,

will be funded through a combination of:

$1 billion of cash from the combined balance sheet of Avago and the Company;

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a $1 billion investment from Silver Lake Partners IV, L.P. in the form of seven year 2% senior convertible notes with an initial conversion rate for the notes of 20.8160 shares of Avago ordinary shares per note initially (subject to adjustment under certain circumstances) or preferred stock with equivalent economic terms; and

a $4.6 billion term loan facility from a group of lenders.

Avago Technologies Finance Pte. Ltd., a company incorporated under the Singapore Companies Act, and an indirect wholly owned subsidiary of Avago, which we refer to as Avago Finance, has obtained the debt commitment letter described below and Avago has entered into the note purchase agreement described below, which we refer to collectively with certain other related documents as the financing documents. The funding under the financing documents is subject to certain conditions, including conditions that do not relate directly to the merger agreement. We believe the amounts committed under the financing documents will be sufficient to complete the merger, but we cannot assure you of that. Those amounts might be insufficient if, among other things, one or more of the parties to the financing documents fails to fund the committed amounts in breach of such financing documents or if the conditions to such commitments are not met. Although obtaining the proceeds of any financing, including the financing under the financing documents, is not a condition to the completion of the merger, the failure of Avago Finance or Avago to obtain any portion of the committed financing (or alternative financing) is likely to result in the failure of the merger to be completed. In that case, Avago USA may be obligated to pay the Company a reverse termination fee, which we refer to as the Avago termination fee, of $400 million as described under The Merger Agreement Termination Fees beginning on page 89.

Debt Financing

In connection with entering into the merger agreement, Avago Finance received a commitment letter from Deutsche Bank Securities Inc., which we refer to as Deutsche Bank, Deutsche Bank AG New York Branch, which we refer to as Deutsche Bank NY, Barclays Bank PLC, which we refer to as Barclays, Citigroup Global Markets Inc., which we refer to, collectively with its affiliates, as Citi, Merrill Lynch, Pierce, Fenner & Smith Incorporated, which we refer to as Merrill Lynch, and Bank of America, N.A., which we refer to as BofA, pursuant to which, among other things, each of Deutsche Bank, Deutsche Bank NY, Barclays, Merrill Lynch, and BofA (together with any other lending entity and/or arranger that becomes party to the commitment letter, which we refer to as the commitment parties in this proxy statement) have severally agreed to provide debt financing to Avago Finance for purposes of consummating the merger. We refer to this commitment letter, as it may be amended in accordance with the merger agreement, as the debt commitment letter in this proxy statement. The financing contemplated under the debt commitment letter is referred to as the debt financing in this proxy statement.

Pursuant to the debt commitment letter, the initial commitment parties have committed on a several and not joint basis to provide, in the aggregate, 100% of the following debt facilities:

a $4.6 billion senior secured term loan credit facility; and

a $500 million senior secured revolving credit facility (including a sublimit for letters of credit and swingline facility for short-term borrowings for mutually agreed upon amounts).

The commitment parties may invite other banks, financial institutions and institutional lenders to participate in the debt financing. Deutsche Bank NY will act as administrative agent and collateral agent for the debt financing. The debt commitment letter expires on the earliest of (i) the consummation of the merger with or without the debt financing, (ii) prior to the consummation of the merger, the termination of the merger agreement in a signed writing in accordance with its terms and

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(iii) September 23, 2014. The commitments of the initial lenders to provide the debt financing are subject to the satisfaction of a number of customary conditions, including but not limited to the following:

- execution and delivery of customary definitive documentation relating to the credit facilities;
- since December 15, 2013, the non-occurrence of any company material adverse effect (as defined in the debt commitment letter, which definition conforms to the definition of Company material adverse effect set forth in the merger agreement);
- consummation of the merger in all material respects in accordance with the terms of the merger agreement, without giving effect to any amendments, modifications, consents or waivers thereto or thereunder that are material and adverse to the lenders or the commitment parties without the prior written consent of Deutsche Bank, Citi, Barclays and Merrill Lynch, which we refer to as the lead arrangers, such consent not to be unreasonably withheld, conditioned or delayed;
- substantially simultaneous consummation of the refinancing of certain existing indebtedness of Avago and the issuance of the notes, described in The Merger Financing; Convertible Notes ;
- delivery of certain historical and pro forma financial statements and allowance for a 15 consecutive calendar day period to syndicate the debt financing following delivery of such historical and pro forma financial statements;
- execution and delivery (if applicable, in proper form for filing) of documents and instruments required to create and perfect security interests in certain collateral, subject to certain exceptions;
- receipt by the initial lenders of customary legal opinions, customary evidence of authorization and a certification as to the solvency of Avago and its subsidiaries on a consolidated basis (after giving effect to the merger and the incurrence of indebtedness related thereto);
- the consummation of the debt financing on or before September 23, 2014;
- the accuracy in all material respects of certain specified representations and warranties related to the merger agreement and the merger; and
- the payment of all fees and expenses due and payable in connection with the debt financing.

Convertible Notes

Avago has entered into a note purchase agreement, which we refer to as the purchase agreement, to sell to Silver Lake Partners IV, L.P., which we refer to as Silver Lake, $1 billion aggregate principal amount of Avago s 2.0% Convertible Senior Notes due 2021, which we refer to as the notes.

The completion of the private placement of the notes is contingent on satisfaction or waiver of customary conditions, as well as a requirement that the merger has been consummated or will be consummated substantially simultaneously with the closing under the purchase agreement of the issuance of the notes, and Avago having received, or that substantially simultaneously with the closing under the purchase agreement Avago will receive, the proceeds of the debt financing in an amount sufficient (together with the proceeds of the notes) to consummate the merger

contemplated by the merger agreement and the refinancing of Avago s existing credit agreement. The purchase agreement provides that the private placement to Silver Lake will be completed either simultaneously with the closing of the merger or on such date as is mutually agreed upon in writing by Avago and Silver Lake. The purchase agreement may be terminated at any time before consummation of the private placement

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of the notes by mutual consent of Avago and Silver Lake, or by either Avago or Silver Lake if (a) the consummation of the private placement of the notes shall not have occurred on or prior to September 23, 2014 or (b) the merger agreement is terminated for any reason.

The notes will be issued under an indenture between Avago and a trustee and will bear interest at a rate of 2.0% per annum, payable semiannually in cash. The notes will mature on the 1st or 15th day of the month following the later of three months past the Term Loan B maturity date contemplated by the debt commitment letters (as defined in the purchase agreement) or seven years from the date of issuance of the notes, subject to earlier conversion, redemption or repurchase. The initial conversion rate for the notes is 20.8160 shares of Avago s ordinary shares, no par value, which we refer to as the Avago shares, and cash in lieu of any fractional Avago shares, per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $48.04 per Avago share. The conversion rate will be subject to adjustment from time to time upon the occurrence of certain events. Holders may surrender their notes for conversion at any time prior to the close of business on the business day immediately preceding the maturity date for the notes.

The notes will be Avago s general, unsecured obligations and are effectively subordinated to all of Avago s existing and future secured debt, to the extent of the assets securing such debt and are structurally subordinated to all liabilities of Avago s subsidiaries, including trade payables. The indenture does not limit the amount of indebtedness that Avago or any of its subsidiaries may incur.

Subject to the terms and conditions of the indenture, upon the occurrence of a fundamental change, as defined in the indenture, each holder of the notes will have the right to require Avago to repurchase some or all of such holder s notes at a purchase price payable in cash equal to 100% of the principal amount to be so repurchased, plus accrued and unpaid interest, if any.

At any time following the fifth anniversary of the date of issuance of the notes, Avago may elect to redeem the notes if the closing sale price of the Avago shares for 20 or more trading days in the period of 30 consecutive trading days ending on the trading day immediately prior to the date on which Avago provides notice of such redemption exceeds 150% of the applicable conversion price in effect on each such trading day. The redemption price will be payable in cash and will equal the sum of 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any. Avago may also redeem all or part of the notes for certain tax reasons as provided in the indenture.

The indenture will include customary events of default, which may result in the acceleration of the maturity of the notes under the indenture. The indenture will also include customary covenants for convertible notes.

Avago and Silver Lake will also enter into a registration rights agreement pursuant to which Silver Lake will have certain registration rights with respect to the notes and the Avago shares issuable upon conversion of the notes.

The foregoing description of the indenture, purchase agreement and registration rights agreement does not purport to be complete and is qualified in its entirety by reference to the full text of each such document, which are filed with the SEC on December 16, 2013 with an amendment to Avago s Current Report on Form 8-K.

Closing and Effective Time of Merger

Unless the parties otherwise agree in writing, the closing of the merger will take place no later than the third business day following the date on which the last of the conditions to closing of the merger (described under The Merger Agreement Conditions to the Merger beginning on page 86) has been satisfied or waived (other than those conditions that by their terms are not capable of being satisfied or waived until the closing of the merger, but subject to the satisfaction or waiver of such

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conditions), or at such other date and time as Avago USA and the Company have otherwise agreed in writing, provided that if the marketing period (as described under The Merger Agreement Closing and Effective Time of the Merger; Marketing Period beginning on page 68) has not ended at the time of the satisfaction or waiver of all of the conditions to closing of the merger (other than those conditions that by their terms are not capable of being satisfied until the closing of the merger), the closing shall not occur until the earlier to occur of (a) a date during the marketing period specified by Avago USA on three business days written notice to the Company and (b) the first business day following the final day of the marketing period, subject in each case to the satisfaction or waiver of all of the conditions to closing on such date.

Payment of Merger Consideration and Surrender of Stock Certificates

Each record holder of shares of Company common stock (other than holders of solely the excluded shares) will be sent a letter of transmittal describing how such holder may exchange its shares of Company common stock for the per share merger consideration promptly, and in any event within five business days, after the completion of the merger.

You should not return your stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

You will not be entitled to receive the per share merger consideration until you deliver a duly completed and executed letter of transmittal to the paying agent. If your shares are certificated, you must also surrender your stock certificate or certificates to the paying agent. **If you have lost a stock certificate, or if it has been stolen or destroyed, then to receive your per share merger consideration with respect to the shares of Company common stock represented by that stock certificate, you will have to make an affidavit of the loss, theft or destruction of that stock certificate and, if required by Avago USA, post a bond as indemnity against any claim that may later be made with respect to such stock certificate.** If ownership of your shares is not registered in the transfer records of the Company, a check for any cash to be delivered will only be issued if the applicable letter of transmittal is accompanied by all documents reasonably required by the Company to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid or are not applicable.

Interests of Certain Persons in the Merger

When considering the recommendation of our board of directors that you vote to approve the proposal to adopt the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, those of our stockholders generally. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. In the discussion below, we have quantified payments and benefits on a pre-tax basis to our executive officers and to our non-employee directors. For the purposes of all of the agreements and plans described below, the completion of the transactions contemplated by the merger agreement will constitute a change in control and a sale of the Company.

Treatment of Outstanding Equity Awards

Pursuant to the Company s equity incentive plans and programs, certain Company equity awards held by its executive officers and directors that are outstanding immediately prior to the closing of the Merger will be subject to accelerated vesting or assumption by Avago at the effective time of the merger, as described in more detail in the section entitled The Merger Agreement Treatment of Company Common Stock, Options, Restricted Stock and Restricted Stock Units on page 69 of this proxy statement.

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The following table shows as of January 13, 2014, for each person who has been an executive officer since January 1, 2013, (i) the number of shares subject to vested options held by him or her, (ii) the cash consideration that he or she will receive for such vested options upon completion of the merger, (iii) the number of shares subject to unvested options held by him or her to be assumed by Avago, (iv) the value of the unvested options held by him or her to be assumed by Avago, (v) the number of shares subject to restricted stock units held by him or her to be assumed by Avago, (vi) the value of the restricted stock units held by him or her to be assumed by Avago upon the completion of the merger, (vii) the payment he or she will receive for all vested equity awards, and (viii) the total value of assumed equity awards. The values in the table below are based on the per share merger consideration of $11.15 and assume that each executive officer will be a continuing employee. The actual values of the assumed Company options and restricted stock units are to be based on the Exchange Ratio, which cannot be determined until the closing date of the merger.

Name	Number of Shares Subject to Vested Options (#)	Cash-Out Payment for Vested Options ($)	Number of Shares Subject to Unvested Options to Be Assumed (#)	Value of Unvested Options to Be Assumed ($)	Number of Shares Subject to Unvested Restricted Stock Units to Be Assumed (#)(1)	Value of Unvested Restricted Stock Units to Be Assumed ($)	Total Payment for Vested Equity Awards ($)	Total Value of Assumed Equity Awards ($)
Executive Officers								
Abhijit Y. Talwalkar	5,306,219	33,312,544	2,470,011	10,289,404	1,009,012	11,250,478	33,312,544	21,539,882
D. Jeffrey Richardson	2,002,067	11,907,841	1,918,990	7,625,674	505,773	5,639,369	11,907,841	13,265,043
Bryon Look	1,762,835	10,513,128	923,026	3,877,444	374,035	4,170,485	10,513,128	8,047,929
Jean F. Rankin	867,061	4,873,762	588,183	2,409,345	232,166	2,588,645	4,873,762	4,977,990
Gautam Srivastava	110,061	481,860	538,308	2,150,998	213,527	2,380,820	481,860	4,531,818
Gregory L. Huff	209,413	717,412	501,740	1,890,852	315,444	3,517,195	717,412	5,408,047

(1) In the case of restricted stock units that are subject to performance-based vesting, attainment of all applicable performance goals is assumed at a level resulting in the payout of target awards.

The following table shows as of January 13, 2014, for each person who has been a director since January 1, 2013, (i) the number of shares subject to vested options held by him or her, (ii) the cash consideration that he or she will receive for such vested options upon completion of the merger, (iii) the number of shares subject to unvested options held by him or her, (iv) the cash consideration that he or she will receive for such unvested options upon completion of the merger (the vesting of all unvested options held by directors will be accelerated upon completion of the merger), (v) the number of shares subject to restricted stock units held by him or her that would be subject to accelerated vesting upon completion of the merger, (vi) the value of the payment that he or she will receive for such restricted stock units upon completion of the merger, (vii) the total payments he or she will receive for all unvested equity awards and (viii) the total consideration he or she will receive for all outstanding equity awards. The values in the table below are based on the per share merger consideration of $11.15.

Name	Number of Shares Subject to Vested Options (#)	Cash-Out Payment for Vested Options ($)	Number of Shares Subject to Unvested Options (#)	Cash-Out Payment for Unvested Options ($)	Number of Shares Subject to Unvested Restricted Stock Units (#)	Value of Payment for Unvested Restricted Stock Units ($)	Total Payment for Unvested Equity Awards ($)	Total Payment for Outstanding Equity Awards ($)
Non-Employee Directors								
Charles A. Haggerty	231,528	850,051			9,288	103,561	103,561	953,612
Richard S. Hill	311,528	1,506,951			9,288	103,561	103,561	1,610,512
John H.F. Miner	341,528	1,576,551			9,288	103,561	103,561	1,680,112
Arun Netravali	311,528	1,506,951			9,288	103,561	103,561	1,610,512
Charles C. Pope	126,404	489,713			9,288	103,561	103,561	593,275
Gregorio Reyes	401,528	1,726,851			9,288	103,561	103,561	1,830,412
Michael G. Strachan	251,528	1,300,851			9,288	103,561	103,561	1,404,412
Susan M. Whitney	96,641	374,280			9,288	103,561	103,561	477,841

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2014 Equity Compensation Grants

The Company expects to make 2014 equity compensation grants to employees, including the executive officers, in March, 2014, before the merger is consummated. Under the merger agreement and disclosure schedule delivered by the Company in connection with the merger agreement, the Company may grant up to 8,300,000 Company restricted stock units and 2,200,000 Company stock options awards as part of its annual equity compensation grant program, provided that the Company will consult in good faith with Avago and Avago USA regarding any grants to employees of the Company at the level of senior director or above, and the Company may make additional equity grants to new hires. The Company may also make grants to employees of the Company or any of its subsidiaries at the level below vice president, provided that any such grant to any individual does not exceed 75,000 Company stock options (with each Company restricted stock unit granted deemed equivalent to 2.5 Company stock options) and the aggregate of such grants does not exceed 2,500,000 Company stock options (with each Company restricted stock unit granted deemed equivalent to 2.5 Company stock options). The total number of Company common stock subject to all such awards that the Company may grant before the effective time of the merger may not exceed 15,000,000.

Annual Bonus Programs

The Company will determine the amount of the 2013 fiscal year annual cash bonuses for eligible employees who participate in the LSI 2013 fiscal year annual cash bonus program, including the executive officers, in the ordinary course of business, based on actual performance and level of achievement of the applicable performance targets in accordance with the terms of the LSI 2013 fiscal year annual cash bonus program as approved by the Compensation Committee of our Board of Directors. The Company will establish an annual bonus program for the fiscal year ending December 31, 2014.

Severance Agreements

Each executive officer participates in the Severance Policy for Executive Officers Change-in-Control Program, which we refer to as the CIC Program, with the Company, which provides that if his or her employment is terminated within one year following a change in control (or within eighteen months following a change in control in the case of Mr. Talwalkar) by the Company without cause or by the executive for good reason, (each as defined in the CIC program) then, subject to the execution of a release and compliance with certain non-competition, non-solicitation and non-disparagement requirements, he or she will be entitled to the following severance payments and benefits:

- a lump sum cash payment in an amount equal to 2.0 times (2.75 times in the case of Mr. Talwalkar) the sum of his or her (i) annual base salary as in effect immediately prior to termination of employment and (ii) target cash bonus under the Company s annual bonus plan for the then-current performance period, to be paid no later than March 15th of the year following the year in which the termination occurred;

- reimbursement of monthly COBRA premiums for continued benefits under the Company s health plans for the executive officer and his or her eligible dependents for eighteen months following the date employee coverage under such health plans terminates; and

- accelerated vesting of any outstanding equity awards.

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In the event the total severance payments due to an executive officer would be subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, then the severance payments will be cut back to the amount that would result in no such tax being imposed, if such reduction would result in a greater after-tax benefit to the executive officer.

Specified Compensation That May Become Payable to Our Named Executive Officers in Connection With the Merger

In accordance with Item 402(t) of Regulation S-K, the table below sets forth the estimated amounts of compensation and benefits that each named executive officer of the Company could receive that are based on or otherwise relate to the merger. These amounts have been calculated assuming the merger is consummated on May 1, 2014 and assuming each named executive officer experiences a qualifying termination of employment under the CIC program as of that date, without taking into effect any possible reduction that might be required to avoid Sections 280G and 4999 of the Code. To the extent the payments and benefits shown below would constitute excess parachute payments for purposes of these tax code sections, the named executive officer may have his or her payments and benefits reduced, if such reduction would result in a greater net-after-tax amount to such named executive officer after taking into account the excise tax imposed under Section 4999 of the Code and any applicable federal, state and local taxes. Please see the section entitled Interests of Certain Persons in the Merger for further information about the applicable compensation and benefits.

Named Executive Officer	Cash ($)(1)	Equity ($)(2)	Perquisites/ Benefits ($)(3)	Total ($)
Abhijit Y. Talwalkar	5,550,000	12,896,633	37,912	18,484,545
D. Jeffrey Richardson	2,475,000	8,992,845	37,912	11,505,757
Bryon Look	1,800,000	4,538,649	37,912	6,376,561
Jean F. Rankin	1,470,000	3,066,410	29,561	4,565,971
Gautam Srivastava	1,400,000	2,962,198	37,912	4,400,110

(1) *Cash*. These dollar amounts represent a double trigger lump sum cash severance payment in respect of 2.0 times (2.75 times in the case of Mr. Talwalkar) the sum of base salary and target cash bonus payable under the terms of the CIC program.

Name	Base Salary ($)	Annual Target Bonus ($)
Abhijit Y. Talwalkar	800,000	1,200,000
D. Jeffrey Richardson	550,000	687,500
Bryon Look	450,000	450,000
Jean F. Rankin	420,000	315,000
Gautam Srivastava	400,000	300,000

(2) *Equity*. Reflects the value of the unvested stock options and restrict stock units that would vest in full effective as of the date of the termination of employment under the terms of the CIC program. In the case of restricted stock units that are subject to performance-based vesting, attainment of all applicable performance goals is assumed at a level resulting in the payout of target awards. The value of the accelerated vesting of the Company restricted stock units is based on a price of $11.15 per share. The value of the unvested and accelerated Company options is the difference between the value of $11.15 per share and the exercise price of the option, multiplied by the number of unvested shares as of May 1, 2014 consistent with the methodology applied under SEC Regulation M-A Item 1011(b) and Regulation S-K Item 402(t)(2). The amounts in this column for the unvested and accelerated Company options (i) do not represent either the value of the assumed unvested options for accounting purposes nor the amount, if any, that will actually be

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realized by the individual upon future exercise or other disposition of the unvested options and (ii) do not reflect any taxes payable by the option holders. The value of accelerated restricted stock units and accelerated Company options for each named executive officer are as follows:

Name	Fair Market Value of Accelerated Company Unvested Options ($)	Fair Market Value of Accelerated Company Restricted Stock Units ($)
Abhijit Y. Talwalkar	5,989,415	6,907,219
D. Jeffrey Richardson	5,440,210	3,552,635
Bryon Look	2,146,923	2,391,725
Jean F. Rankin	1,363,565	1,702,845
Gautam Srivastava	1,278,454	1,683,745

(3) *Perquisites/Benefits*. Represents the value of reimbursement of COBRA premiums for continued benefits under the Company s health plans for the executive officer and his or her dependents payable in connection with a defined employment termination under the terms of the CIC program (valued at $32,512 with respect to Messrs. Talwalkar, Richardson, Look and Srivastava and at $24,161 with respect to Ms. Rankin) and outplacement services valued at $5,400 for each named executive officer.

Arrangements With the Surviving Corporation

Avago USA has previously indicated its belief that the continued involvement of the Company s management team is integral to the surviving corporation s future success. As of the date of this proxy statement, no members of our current management have entered into any definitive agreement, arrangement or understanding with Avago USA, Merger Sub or their affiliates regarding employment with, or the right to invest or participate in the equity of, the surviving corporation, Avago USA or any of its affiliates.

Avago USA and Merger Sub have agreed that all rights to exculpation or indemnification for acts or omissions occurring prior to the consummation of the merger existing as of the date of the merger agreement in favor of our and our subsidiaries current and former directors and officers and their heirs and personal representatives, each of which we refer to as a D&O Indemnitee, as provided in our or our subsidiaries respective articles or certificates of incorporation or bylaws, or comparable organizational or governing documents, or in any agreement between us or any of our subsidiaries and such D&O Indemnitee, shall survive the merger and shall continue in full force and effect in accordance with their terms following the merger. Avago USA will cause the surviving corporation to fulfill and honor such obligations to the fullest extent permitted by law.

For six years following the merger, Avago USA will, and will cause the surviving corporation and its subsidiaries to, cause the certificate of incorporation and bylaws (or comparable organizational or governing documents) of the surviving corporation and its subsidiaries to contain provisions with respect to indemnification and exculpation that are at least as favorable as the indemnification and exculpation provisions contained in our and our subsidiaries certificates of incorporation and bylaws (or comparable organizational or governing documents) immediately prior to the merger, and during such six-year period, such provisions shall not be amended or repealed in a manner that would adversely affect the rights of any D&O Indemnitee, except as required by law.

Pursuant to the merger agreement, for a one-year period commencing at the effective time of the merger, Avago has agreed to provide or cause the surviving corporation to provide to continuing employees, a base salary, bonus opportunity, severance, health and welfare benefits no less favorable than the base salary, bonus opportunity, severance, health and welfare benefits being provided to such employees immediately prior to the effective time of the merger. In addition, Avago has agreed to or

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cause the surviving corporation to honor the Company s change in control and severance plans and policies for the one-year period commencing at the effective time of the merger (subject to certain permitted amendments as may be necessary for tax reasons). A more complete description of the benefits provided to Company employees under the merger agreement is under the heading The Merger Agreement Employee Benefit Matters beginning on page 84.

Accounting Treatment

The merger will be accounted for as a purchase transaction for financial accounting purposes.

Material U.S. Federal Income Tax Consequences of the Merger

The following is a summary of the material U.S. federal income tax consequences of the merger to U.S. holders and certain non-U.S. holders (both terms defined below) whose shares of our common stock are converted into the right to receive cash pursuant to the merger. This summary is based on the Code, the U.S. Treasury regulations promulgated under the Code, published rulings by the Internal Revenue Service, which we refer to as the IRS, and judicial authorities and administrative decisions, all as in effect as of the date of this proxy statement and all of which are subject to change, possibly with retroactive effect. This summary is not binding on the IRS or a court, and there can be no assurance that the tax consequences described in this summary will not be challenged by the IRS or that they would be sustained by a court if so challenged. No ruling has been or will be sought from the IRS, and no opinion of counsel has been or will be rendered, as to the U.S. federal income tax consequences of the merger.

For purposes of this summary, the term U.S. holder means a beneficial owner of shares of our common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (including any entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any of its political subdivisions;
- a trust that (i) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or
- an estate the income of which is subject to U.S. federal income tax regardless of its source.

As used herein, a non-U.S. holder means a beneficial owner of shares of our common stock that is neither a U.S. holder nor an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. A partner of a partnership holding our common stock should consult the partner s tax advisor regarding the U.S. federal income tax consequences of the merger to such partner.

This summary applies only to holders who hold shares of our common stock as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment), and does not address or consider all of the U.S. federal income tax consequences that may be applicable to holders of our common stock in light of their particular circumstances. For instance, this summary does not address the alternative minimum tax or the tax consequences to stockholders who validly exercise

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dissenters rights under the DGCL. In addition, this summary does not address the U.S. federal income tax consequences of the merger to holders who are subject to special treatment under U.S. federal income tax rules, including, for example, banks and other financial institutions; insurance companies; securities dealers or broker-dealers; mutual funds; traders in securities who elect to use the mark-to-market method of accounting; tax-exempt investors; S corporations; holders classified as partnerships or other flow-through entities under the Code; U.S. expatriates; holders who hold their shares of our common stock as part of a hedge, straddle, conversion transaction, or other integrated investment; holders whose functional currency is not the U.S. dollar; holders who acquired their shares of our common stock through the exercise of employee stock options or otherwise as compensation; holders who actually or constructively own 5% or more of the outstanding shares of our common stock; and holders who do not hold their shares of our common stock as capital assets within the meaning of Section 1221 of the Code. In addition, this summary does not address the impact of the Medicare contribution tax, any aspects of foreign, state, local, estate, gift, or other tax laws (or any U.S. federal tax laws other than those pertaining to income tax) that may be applicable to a particular holder in connection with the merger.

Further, this summary does not address any tax consequences of the merger to holders of options, shares of restricted stock, restricted stock units, performance stock units or warrants to acquire shares of our common stock whose options, shares of restricted stock, restricted stock units, performance stock units or warrants are cancelled in exchange for cash or other consideration pursuant to the merger. Such option, share of restricted stock, restricted stock units, performance units and warrant holders should consult their tax advisors regarding the tax consequences of the merger to them. Moreover, this summary does not discuss any other matters relating to equity compensation or benefit plans (including the 401(k) plan).

U.S. Holders

A U.S. holder s receipt of the merger consideration in exchange for shares of our common stock will generally be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder whose shares of common stock are converted into the right to receive cash pursuant to the merger will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received (determined before deduction of any applicable withholding taxes) with respect to such shares and the U.S. holder s adjusted tax basis in such shares. A U.S. holder s adjusted tax basis will generally equal the price the U.S. holder paid for such shares. The amount of gain or loss must be determined separately for each block of shares (i.e., shares acquired at the same cost in a single transaction) surrendered by the U.S. holder in the merger. Such gain or loss will generally be long-term capital gain or loss if the U.S. holder s holding period for such shares is more than 12 months at the effective time of the merger. Long-term capital gains recognized by individual and certain other non-corporate U.S. holders are generally taxed at preferential U.S. federal income tax rates. A U.S. holder s ability to deduct capital losses may be limited.

Non-U.S. Holders

Cash received in the merger by a non-U.S. holder generally will not be subject to U.S. withholding tax (other than potentially to backup withholding tax, as discussed below) and will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if an income tax treaty applies, is attributable to a United States permanent establishment maintained by such non-U.S. holder), in which case the non-U.S. holder generally will be subject to tax on such gain in the same manner as if it were a U.S. holder, and, if the non-U.S. holder is a foreign corporation, such gain may also be subject to an additional branch profits tax at a rate of 30% or at such lower rate as may be specified by an applicable income tax treaty;

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the non-U.S. holder is an individual who was present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met, in which case the non-U.S. holder generally will be subject to U.S. federal income tax on the gain derived from the merger at a rate of 30%; or

the Company was a United States real property holding corporation (USRPHC) for U.S. federal income tax purposes within the five years preceding the merger and the non-U.S. holder owned, actually or constructively, more than 5% of the Company common stock at any time during the five-year period preceding the merger. In general, the Company would be a USRPHC if interests in U.S. real estate comprised most of its assets. Although there can be no assurances in this regard, the Company does not believe it is, or has been during the five years preceding the merger, a USRPHC for U.S. federal income tax purposes.

Non-U.S. Holders should consult their own tax advisors regarding the tax consequences to them of the merger.

Backup Withholding and Information Reporting

A U.S. holder may be subject to backup withholding on all payments to which such U.S. holder is entitled in connection with the merger, unless the U.S. holder provides its correct taxpayer identification number and complies with applicable certification procedures or otherwise establishes an exemption from backup withholding. In addition, if the paying agent is not provided with a U.S. holder s correct taxpayer identification number or other adequate basis for exemption, the U.S. holder may be subject to certain penalties imposed by the IRS. Each U.S. holder should complete and sign the IRS Form W-9 included as part of the letter of transmittal and timely return it to the paying agent in order to avoid backup withholding, unless an exemption applies and is established in a manner satisfactory to the paying agent.

Certain non-U.S. holders may also be subject to backup withholding unless they establish an exemption from backup withholding in a manner satisfactory to the paying agent (such as by completing and signing an appropriate IRS Form W-8) and otherwise comply with the backup withholding rules. Non-U.S. holders should consult their own tax advisors regarding these matters.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowable as a refund or credit against a holder s U.S. federal income tax liability, provided that certain required information is timely furnished to the IRS.

Payments made pursuant to the merger will also be subject to information reporting unless an exemption applies.

This summary is provided for general information only and is not tax advice. The U.S. federal income tax consequences described above are not intended to constitute a complete description of all tax consequences relating to the merger. Because individual circumstances may differ, each stockholder should consult the stockholder s tax advisor regarding the applicability of the rules discussed above to the stockholder and the particular tax effects to the stockholder of the merger in light of such stockholder s particular circumstances and the application of state, local, foreign, estate, gift and other tax laws (or any U.S. federal tax laws other than those pertaining to income tax).

Regulatory Approvals and Notices

Under the HSR Act, the merger cannot be completed until each of the Company and Avago USA files a notification and report form with the FTC and the DOJ and the applicable waiting period has

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expired or been terminated. Each of the Company and Avago USA filed such a notification and report form on December 30, 2013, and each requested early termination of the waiting period.

At any time before or after consummation of the merger, notwithstanding the termination of the waiting period under the HSR Act, the DOJ or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the merger or seeking divestiture of substantial assets of the Company or Avago USA. At any time before or after the completion of the merger, and notwithstanding the termination of the waiting period under the HSR Act, any state could take such action under the antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the completion of the merger or seeking divestiture of substantial assets of the Company or Avago USA. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

Additionally, under the merger agreement, the merger cannot be completed until any affirmative approval or clearance required under the antitrust laws of the People s Republic of China, the Russian Federation and the Federal Republic of Germany have been obtained or are deemed to have been obtained. Initial notifications were submitted on December 30, 2013. On January 17, 2014, the Bundeskartellamt (Federal Cartel Office) of the Federal Republic of Germany approved the merger. The antitrust authorities of the remaining two jurisdictions will analyze the information in the notifications and consult with third parties. Upon their investigation, the authorities can decide to approve the transaction unconditionally, prolong the investigation, impose remedies or conditions, or prohibit the transaction. There can be no assurance that the transaction will be approved or approved unconditionally.

Under the merger agreement, Avago, Avago USA and Merger Sub are not required to complete the merger until any review or investigation by CFIUS of the merger pursuant to the DPA has been concluded, and either (i) the parties have received written notice that a determination by CFIUS has been made that there are no unresolved issues of national security in connection with the transactions contemplated by the merger agreement, or (ii) the President of the United States has determined not to use his powers to unwind, suspend or prohibit the consummation of the transactions contemplated by the merger agreement.

There can be no assurance that all of the regulatory clearances and approvals as described above will be sought or obtained and, if obtained, there can be no assurance as to the timing of any approvals, the ability of Avago USA or the Company to obtain the approvals on satisfactory terms or the absence of any litigation challenging such approvals. There can also be no assurance that the DOJ, the FTC, the antitrust authorities of the People s Republic of China and the Russian Federation or any other governmental entity or any private party will not attempt to challenge the merger and, if such a challenge is made, there can be no assurance as to its result.

Litigation Relating to the Merger

Since the December 16, 2013 announcement of the merger agreement and through January 14, 2014, sixteen purported class action complaints were filed by alleged stockholders of the Company against the Company, the individual directors of the Company, and, in fifteen of the cases, against Avago. Nine lawsuits were filed in the Delaware Court of Chancery, captioned *Moskal v. LSI Corporation, et al.*, C.A. No. 9175-VCN (Dec. 19, 2013); *Williams v. LSI Corporation, et al.*, C.A. No. 9176-VCN (Dec. 19, 2013); *Hitchcock v. LSI Corporation et al.*, C.A. No. 9177-VCN (Dec. 20, 2013); *Thurm v. LSI Corporation, et al.*, C.A. No. 9187-VCN (Dec. 23, 2013); *Kahn v. LSI Corporation, et al.*, C.A. No. 9191-VCN (Dec. 23, 2013); *Mroski v. LSI Corporation et al.*, C.A. No. 9197-VCN (Dec. 23, 2013); *Slomovic v. LSI Corporation, et al.*, C.A. No. 9202-VCN (Dec. 23, 2013); *Northern California Pipe Trades Pension Plan v. Haggerty, et al.*, C.A. No. 9220-VCN (Jan. 2,

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2014); and *City of Orlando Police Pension Fund v. Haggerty, et al.*, C.A. No. 9244-VCN (Jan. 13, 2014), which we refer to collectively as the Delaware actions. On January 17, 2014, the Delaware Court of Chancery entered an order consolidating the Delaware actions into a single action captioned In re LSI Corporation Stockholders Litigation, C.A. No. 9175-VCN. The Court s January 17, 2014 order also certified the LSI stockholder class, consisting of all persons who held LSI shares (excluding defendants named in the lawsuit and their immediate family members, any entity controlled by any defendant, and any successor in interest thereto) at any time during the period from and including August 12, 2013 through the date of the consummation of the merger.

The seven other lawsuits were filed in the Superior Court of the State of California, County of Santa Clara, and are captioned *Waber v. LSI Corporation, et al.*, Case No. 1:13:257859 (Dec. 17, 2013); *Tansey v. LSI Corporation, et al.*, Case No. 1:13:257860 (Dec. 17, 2013); *Tolar v. LSI Corporation, et al.*, Case No. 1:13:257939 (Dec. 18, 2013); *Cinotto v. LSI Corporation, et al.*, Case No. 1:13:257975 (Dec. 18, 2013); *Cohen v. LSI Corporation, et al.*, Case No. 1:13:258030 (Dec. 19, 2013); *Balter v. LSI Corporation, et al.*, Case No. 1:13:258113 (Dec. 20, 2013); and *Yee v. LSI Corporation, et al.*, Case No. 1:13:258164 (Dec. 23, 2013), which we refer to collectively as the California actions. On January 3, 2014, LSI filed motions to stay the *Waber*, *Tansey*, *Tolar*, *Cinotto* and *Balter* actions pending the resolution of the more advanced Delaware actions. On January 16, 2014, LSI also filed a motion to stay the *Cohen* action, and the LSI directors who had been served with process filed joinders to the motions to stay in the *Waber*, *Tansey*, and *Cinotto* actions.

Each of the cases is purportedly brought on behalf of the LSI stockholder class. Collectively, the Delaware and California actions generally allege that the members of the Company s board of directors breached their fiduciary duties in connection with the merger because the merger was not in the best interest of the Company, the merger consideration is unfair, and certain other terms of the merger agreement are unfair. Some of the actions allege that the Company, Avago, Avago USA and/or Merger Sub aided and abetted those alleged breaches of fiduciary duty. Among other remedies, the lawsuits seek to enjoin the merger, or in the event that an injunction is not entered and the merger closes, rescission of the merger or unspecified money damages, costs and attorneys fees. The Company and its board of directors believe these claims are entirely without merit, and intend to vigorously defend these actions.

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THE MERGER AGREEMENT (PROPOSAL NO. 1)

This section describes the material terms of the merger agreement. The description in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as ***Annex A*** *and is incorporated by reference into this proxy statement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. We encourage you to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about us. Such information can be found elsewhere in this proxy statement and in the public filings we make with the SEC, as described in the section entitled Where You Can Find More Information beginning on page 105.*

Explanatory Note Regarding the Merger Agreement and the Summary of the Merger Agreement; Representations, Warranties and Covenants in the Merger Agreement Are Not Intended to Function or Be Relied on as Public Disclosures

The merger agreement and the summary of terms included in this proxy statement have been prepared to provide you with information regarding its terms and are not intended to provide any factual information about the Company, Avago, Merger Sub, Avago USA or any of their respective subsidiaries or affiliates. Such information can be found elsewhere in this proxy statement or in the public filings that we or Avago make with the SEC, as described in the section entitled Where You Can Find More Information beginning on page 105 of this proxy statement. The representations, warranties and covenants contained in the merger agreement have been made solely for the purposes of the merger agreement as of specific dates and solely for the benefit of parties to the merger agreement and:

- are not intended as statements of fact, but rather as a way of allocating the risk between the parties in the event the statements therein prove to be inaccurate;
- have been modified or qualified by certain confidential disclosures that were made between the parties in connection with the negotiation of the merger agreement, which disclosures are not reflected in the merger agreement itself;
- may no longer be true as of a given date;
- may be subject to a contractual standard of materiality in a way that is different from those generally applicable to you or other stockholders and reports and documents filed with the SEC; and
- may be subject in some cases to other exceptions and qualifications (including exceptions that do not result in, and would not reasonably be expected to have, a material adverse effect).

Accordingly, you should not rely on the representations, warranties or covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the Company, Avago, Merger Sub, Avago USA or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in the Company s or Avago s public disclosures. Accordingly, the representations and warranties and other provisions of the merger agreement or any description of such provisions should not be read alone, but instead should be read together with the information provided elsewhere in this proxy statement and in the documents incorporated by reference into this proxy statement. See the section entitled Where You Can Find More Information beginning on page 105 of this proxy statement.

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Effects of the Merger; Directors and Officers; Certificate of Incorporation; Bylaws

The merger agreement provides that, upon the terms and subject to the conditions set forth in the merger agreement and in accordance with the DGCL, Merger Sub will be merged with and into the Company, whereupon the separate existence of Merger Sub will cease, and the Company will continue as the surviving corporation and a wholly owned subsidiary of Avago USA.

The board of directors of the surviving corporation will be the directors of Merger Sub until the earlier of their resignation or removal or until their successors have been duly elected and qualified.

Subject to Avago USA s and the surviving corporation s commitments with respect to indemnification of the Company s current and former directors and officers, at the effective time of the merger, (i) the certificate of incorporation of the surviving corporation will be amended and restated to be identical to the certificate of incorporation of the Merger Sub and (ii) the bylaws of the surviving corporation will be amended and restated to be identical to the bylaws of Merger Sub in effect immediately prior to the effective time of the merger until amended in accordance with their terms or by applicable laws.

Following the completion of the merger, the Company common stock will be delisted from the NASDAQ and deregistered under the Exchange Act and will cease to be publicly traded.

Closing and Effective Time of the Merger; Marketing Period

Unless the parties otherwise agree in writing, the closing of the merger will take place no later than the third business day following the date on which the last of the conditions to closing of the merger (described under The Merger Agreement Conditions to the Merger beginning on page 86) has been satisfied (to the extent permitted by applicable law) or waived (other than those conditions that by their terms are not capable of being satisfied or waived until the closing of the merger, but subject to the satisfaction or waiver of such conditions), or at such other date and time as Avago USA and the Company have otherwise agreed in writing, unless the marketing period (as described in this section) has not ended at the time of the satisfaction or waiver of all conditions to closing (other than those conditions that by their nature are to be satisfied at the closing), in which case the closing shall not occur until the earlier to occur of (a) a date during the marketing period specified by Avago USA on three business days written notice to the Company and (b) the first business day following the final day of the marketing period.

Assuming timely satisfaction of the necessary closing conditions, we anticipate that the merger will be completed in the first half of 2014. The effective time of the merger will occur concurrently with the closing of the merger.

The marketing period is the first period of 15 consecutive calendar days on or after January 6, 2014, after which Avago USA and its financing sources have the required financing information described below. The marketing period shall end on or prior to August 15, 2014 or commence on or after September 2, 2014 and end on any earlier date that is the date on which the financing described in The Merger Agreement Financing of the Merger beginning on page 53 is consummated. The marketing period may not commence and be deemed to have commenced prior to the date upon which the definitive proxy statement is mailed to our stockholders.

Required financing information consists of (i) audited consolidated balance sheets and related statements of income and cash flows of the Company for the three most recently completed fiscal years ended at least 90 days prior to the closing date, and (ii) unaudited consolidated balance sheets and related statements of income and cash flows of the Company for each subsequent fiscal quarter ended at least 45 days prior to the closing date, but excluding the fourth quarter of any fiscal year.

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Treatment of Company Common Stock, Options, Restricted Stock and Restricted Stock Units

Common Stock

At the effective time of the merger, each share of Company common stock issued and outstanding immediately prior to the effective time of the merger (except for the excluded shares) will convert into the right to receive the per share merger consideration, without interest, less any required tax withholding. Shares of Company common stock held in treasury of the Company and each share of Company common stock owned by Avago USA or Merger Sub will be cancelled and retired without any conversion thereof and will cease to exist and no payment shall be made in respect thereof. Company common stock owned by stockholders who have properly exercised and perfected their demands for appraisal rights under the DGCL will not be converted into the right to receive the per share merger consideration. Such stockholders will instead be entitled to the appraisal rights provided under the DGCL as described under Appraisal Rights beginning on page 99.

Options

At the effective time of the merger, each Company option that is vested and unexercised immediately prior to the effective time of the merger (including any options that are not assumed and vest in connection with the merger by virtue of such non-assumption) will be cancelled immediately prior to the effective time of the merger and converted into the right to receive, with respect to each share previously subject to such option, the excess, if any, of the per share merger consideration over the exercise price per share of such option, without interest, less any required tax withholding. If the exercise price per share of any vested Company option is equal to or greater than the per share merger consideration, such Company option will be cancelled without any cash payment.

At the effective time of the merger, each Company option that is outstanding and unvested and held by a continuing employee or continuing service provider, will be assumed by Avago and converted into an option to purchase a number of Avago ordinary shares equal to the number of shares of Company common stock subject to such option multiplied by the Exchange Ratio (rounded down to the nearest whole share), and the exercise price for each Avago ordinary share underlying such option will be equal to the exercise price per share of Company common stock subject to such LSI stock option divided by the Exchange Ratio (rounded up to the nearest whole cent).

No outside director will be a continuing employee or a continuing service provider, and therefore, the Company options held by the outside directors, that are outstanding and unvested as of immediately prior to the effective time of the merger, will vest immediately prior to the effective time of the merger pursuant to the terms of the applicable Company equity incentive plan, which provides that options that are not assumed or replaced by the acquiring corporation in connection with a change in control of the Company will fully vest. At the effective time, outside directors will receive with respect to each share previously subject to such option, the excess, if any, of the per share merger consideration over the exercise price per share of such option, without interest, less any required tax withholding. If the exercise price per share of any such accelerated Company option is equal to or greater than the per share merger consideration, such Company option will be cancelled without any cash payment.

The Company expects that all of the currently serving Company executive officers will be continuing employees, and therefore, all of their unvested Company options will be assumed by Avago (without any accelerated vesting occurring by virtue of the merger itself and provided that the CIC Program may provide accelerated vesting if the merger is completed and a defined employment termination occurs with one year (or eighteen months in the case of Mr. Talwalkar) thereafter).

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Restricted Stock

At the effective time of the merger, each share of Company restricted stock that is outstanding immediately prior to the effective time of the merger will be cancelled immediately prior to the effective time of the merger and converted into the right to receive a cash payment from Avago, upon the same vesting schedule as in place immediately prior to the effective time, equal to the merger consideration, without interest, less any required tax withholding.

Restricted Stock Units

At the effective time of the merger, each Company restricted stock unit that is outstanding immediately prior to the effective time of the merger and held by a continuing employee or a continuing service provider will be assumed by Avago and converted into a restricted stock unit denominated in the number of Avago ordinary shares equal to the number of shares of Company common stock underlying such LSI restricted stock unit multiplied by the Exchange Ratio (rounded down to the nearest whole share). The performance-based vesting criteria, if any, applicable to Company restricted stock units converted in connection with the merger, will be deemed met, at the effective time of the merger, at a level resulting in payout of target awards.

Each Company restricted stock unit that is not assumed will become fully vested and cancelled immediately prior to the effective time of the merger and will be converted into the right to receive the per share merger consideration, without interest, less any required tax withholding.

Dissenting Shares

Shares of our common stock which are issued and outstanding immediately prior to the effective time of the merger and held by a holder who is entitled to appraisal rights under Section 262 of the DGCL, and who has properly exercised his, her or its demand for appraisal in accordance with Section 262 of the DGCL shall not be converted into the right to receive the merger consideration but instead such holder shall be entitled to receive such consideration as determined in accordance with Section 262 of the DGCL. In the event that any such stockholder fails to perfect, or otherwise waived, effectively withdrew or lost his or her right to appraisal under Section 262 of the DGCL or a court of competent jurisdiction determined that such holder is not entitled to the relief provided by Section 262 of the DGCL, then the shares held by such stockholder will be converted into and represent only the right to receive the merger consideration. We have agreed to give Avago USA prompt written notice of any demands we receive for appraisal of shares of our common stock, and Avago USA has the opportunity to participate in all negotiations and proceedings with respect to such demands. We have agreed not to make any voluntary payment with respect to, or offer to settle, any such demands without the prior written consent of Avago USA.

Treatment of Employee Stock Purchase Plan

The Employee Stock Purchase Plan will not accept any new participants and the current offering period will end on the last day of the payroll period ending immediately prior to the effective time of the merger (if the current offering period does not end sooner pursuant to the terms of the Employee Stock Purchase Plan), which we refer to as the Final Exercise Date. On the Final Exercise Date, each participant s account will be used to purchase shares of Company common stock in accordance with the terms of the Employee Stock Purchase Plan. The Employee Stock Purchase plan will terminate as of the Final Exercise Date.

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Exchange and Payment Procedures

Prior to the effective time of the merger, Avago USA will designate a paying agent to handle the exchange of shares of Company common stock for the merger consideration and the payment for Company stock options, Company restricted stock and Company restricted stock units that are being cashed out and not assumed. At or immediately prior to the effective time of the merger, Avago USA will deposit (and Avago will cause Avago USA to deposit) with the paying agent all of the cash sufficient to pay the aggregate merger consideration, Company stock option consideration, Company restricted stock consideration and the Company restricted stock unit consideration. At any time after the effective time of the merger, shares of Company common stock (other than shares held (i) directly by Avago or Merger Sub or in treasury of the Company and (ii) by our stockholders who perfect their appraisal rights) will represent only the right to receive the merger consideration.

As promptly as practicable after the effective time of the merger, and in any event not later than the fifth business day following the effective time, the paying agent will mail to each record holder of Company common stock certificates a letter of transmittal specifying that delivery will be effected, and risk of loss and title to any such certificates will pass, only upon delivery of such certificates to the paying agent, and providing instructions for effecting the surrender of Company common stock certificates or book-entry shares in exchange for the merger consideration.

Our stockholders should not return stock certificates with the enclosed proxy card, and our stockholders should not forward stock certificates to the paying agent without a letter of transmittal.

After the effective time of the merger, shares of Company common stock will no longer be outstanding and will cease to exist, and each certificate or book-entry share that previously represented shares of Company common stock will represent only the right to receive the merger consideration as described above.

Following the date that is one year after the effective time of the merger, any portion of the funds held by the paying agent that remain unclaimed by our former stockholders, including the proceeds from investment thereof, shall be delivered to Avago USA. Thereafter, our former stockholders may look only to Avago USA or the surviving corporation (subject to abandoned property, escheat or similar laws) for payment with respect to the merger consideration.

At the effective time of the merger, our stock transfer books will be closed and there will be no further registration of transfers of our common stock. If, after the effective time of the merger, certificates are presented to the surviving corporation for transfer, such certificates will be cancelled and exchanged for payment of the merger consideration.

If the payment of the merger consideration is to be made to a person other than the registered holder of the certificate surrendered in exchange for the merger consideration, the certificate surrendered must be properly endorsed or otherwise be in proper form for transfer (and accompanied by all documents reasonably required by the paying agent) and the person requesting such payment must pay the paying agent any applicable stock transfer or other taxes or establish to the reasonable satisfaction of Avago that such taxes have been paid or are not payable.

No interest will be paid or will accrue on any cash payable upon surrender of any Company common stock certificate or book-entry share.

Lost, Stolen or Destroyed Certificates

If any Company common stock certificate has been lost, stolen or destroyed, then upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed and, to the extent required by the surviving corporation, the posting by such person of a bond in such

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reasonable amount as the surviving corporation may direct as indemnity against any claim that may be made against it with respect to such certificate, the paying agent will pay in exchange for such lost, stolen or destroyed certificate the merger consideration that would be payable in respect thereof pursuant to the merger agreement had such lost, stolen or destroyed certificate been surrendered as provided in the merger agreement.

Financing Covenant; Company Cooperation

Prior to the closing of the merger, Avago USA will use reasonable best efforts to arrange the debt financing and the note financing as promptly as practicable following the date of the merger agreement and to consummate the debt financing and the note financing on the closing date, including taking the following actions:

- maintaining in effect the financing documents, except that Avago USA may replace or amend the financing documents so long as the replacements or amendments would not adversely impact or delay in any material respect Avago USA s ability to consummate the merger, the debt financing or the note financing;
- participation by senior management of Avago USA in, and assistance with, the preparation of rating agency presentations and meetings with rating agencies;
- satisfying on a timely basis all financing conditions that are within the control of Avago USA or any of its affiliates;
- negotiating, executing and delivering definitive documentation evidencing the indebtedness that reflects the terms contained in the financing documents (including any market flex provisions related thereto) or on such other terms acceptable to Avago USA and its financing sources; provided that such other terms would not adversely impact or delay in any material respect the ability of Avago USA to consummate the merger, the debt financing or the note financing;
- drawing the full amount of the debt financing and the note financing, in the event that all conditions to closing set forth in the merger agreement and the financing conditions have been satisfied or, upon funding would be satisfied; and
- using reasonable best efforts to enforce the financing documents to cause any lender to provide such financing.

Avago USA is required to promptly notify us of any breach or repudiation by any party to the financing documents of which Avago USA becomes aware (except where doing so requires the disclosure of privileged information, including attorney-client privileged information).

If (i) the commitments with respect to all or a material portion of the debt financing or the note financing expire or terminate; (ii) all or any portion of the debt financing or the note financing becomes unavailable; or (iii) a party to the financing documents, other than Avago USA or its affiliates, breaches or repudiates the financing documents resulting in the debt financing or the note financing becoming unavailable, in each case, that excuses performance by Avago USA of its obligations under the financing documents and any related fee letters, which we refer to collectively as a financing failure event, then Avago USA will:

- promptly notify the Company of such financing failure event and the reasons it has occurred;
- use reasonable best efforts to obtain alternative financing from alternative financing sources on terms not materially less beneficial to Avago USA than the unavailable financing (giving effect to market flex provisions), in an amount sufficient to make the payments required at closing to consummate the transactions contemplated by the merger agreement; and

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obtain, and when obtained, provide the Company with a copy of, a new financing commitment that provides for such alternative financing and the executed fee letter associated therewith.

We have agreed to reasonably cooperate in connection with Avago USA s obtainment of the debt financing and the note financing as reasonably requested by Avago USA, including by:

participation in, and assistance with, the activities undertaken in connection with the syndication or marketing of the debt financing and the note financing;

participation by senior management of the Company and of our subsidiaries in, and assistance with, the preparation of rating agency presentations and a reasonable number of meetings with rating agencies;

timely delivery to Avago USA and its financing sources of certain Company financial information and documentation by the times required in the financing documents;

participation of our senior management in the negotiation of the applicable definitive documentation evidencing the indebtedness and the execution and delivery of the applicable definitive documentation evidencing the indebtedness;

taking such actions as may be required to permit any of our or our subsidiaries cash and marketable securities available at the consummation of the merger to be made available to finance, in part, the merger on the closing date; and

using reasonable best efforts to ensure that the debt financing and the note financing benefit from our and our subsidiaries existing lending relationships.

We will provide Avago USA and its financing sources with certain information necessary so that Company financial information and information relating to the Company contained in customary bank books, information memoranda and other customary marketing material we provide is complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which such statements are made, not materially misleading.

Avago USA has agreed to promptly reimburse us for any reasonable and documented out-of-pocket expenses and costs incurred by us, our subsidiaries and representatives in connection with the arrangement of the debt financing and the note financing. Avago USA and Merger Sub have further agreed to indemnify and hold harmless each of us, our affiliates and representatives against any liabilities incurred in connection with the arrangement of the debt financing, the note financing, alternative financing or any other refinancing contemplated by the merger agreement, including any such liabilities incurred with respect to the use of our information in connection with such financing, alternative financing or other refinancing.

Representations and Warranties

We made customary representations and warranties in the merger agreement that are subject, in some cases, to specified exceptions and qualifications contained in the merger agreement and the matters contained in the disclosure schedule delivered by the Company in connection with the merger agreement. These representations and warranties relate to, among other things:

due organization, existence, good standing and authority to carry on our businesses;

the effectiveness of our and our subsidiaries certificates of incorporation, bylaws or similar organizational documents, and the absence of any violations under those documents;

our corporate power and authority to enter into, and consummate the transactions under, the merger agreement, and the enforceability of the merger agreement against us;

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the declaration of advisability of the merger agreement and the merger by our board of directors, and the approval of the merger agreement and the merger by our board of directors (subject only to the approval of our stockholders);

required governmental consents, approvals, notices and filings;

compliance with applicable laws, governmental orders, licenses, permits and consent decrees;

the absence of violations of, or conflicts with, our governing documents, applicable law and certain agreements as a result of our entering into and performing under the merger agreement;

our and our subsidiaries capitalization;

our SEC filings (including all amendments thereto) since January 1, 2011 and the financial statements included therein;

compliance with applicable requirements of the Exchange Act, and the Sarbanes-Oxley Act of 2002, and the listing and corporate governance rules and regulations of the NASDAQ;

the absence of any outstanding or unresolved comments in the comment letters received from the SEC staff with respect to our SEC filings;

our disclosure controls and procedures and internal controls over financial reporting;

the absence of a Company material adverse effect (as described below) since September 29, 2013 and the absence of certain other changes or events since September 29, 2013 through the date of the merger agreement;

the absence of certain undisclosed liabilities;

material contracts, the absence of any default or breach under any material contract, the absence of any right of renegotiation of any material contract;

compliance with applicable laws;

compliance with certain import and export restrictions by the Company and its subsidiaries;

compliance with restrictions on certain payments by the Company and its subsidiaries, including the federal Foreign Corrupt Practices Act of 1977;

the absence of legal proceedings, investigations and governmental orders against us or our subsidiaries;

real property;

properties and liens;

intellectual property;

insurance coverage;

our possession of all material licenses and permits needed to carry on our businesses;

tax matters;

employee benefit plans;

certain employment and labor matters;

environmental matters;

the absence of any undisclosed related party transactions;

our most significant customers and suppliers;

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the absence of any undisclosed broker s or finder s fees;

the receipt of an opinion from Qatalyst Partners to the effect that, as of the date of such opinion and based upon and subject to the limitations, qualifications and assumptions set forth in such opinion, the merger consideration to be received by the holders of shares of Company Common Stock (other than Avago USA and its affiliates) pursuant to the merger agreement is fair, from a financial point of view, to such holders; and

that our board of directors has taken all necessary action so that the restrictions of any takeover statutes do not apply to the merger agreement.

Many of our representations and warranties are qualified by, among other things, exceptions relating to the absence of a Company material adverse effect, which means any effect, event, change, occurrence, development or state of facts, (whether or not foreseeable as of the date of the merger agreement) that, individually, or when taken together with all other effects, events, changes, occurrences, developments or states of facts, has or would reasonably be expected to be materially adverse to the business, assets, liabilities, results of operations or financial condition of the Company and its subsidiaries, taken as a whole.

However, in no event shall any of the following be considered in determining whether such material adverse effect has occurred or would reasonably be expected to occur:

so long as we and our subsidiaries, taken as a whole, are not disproportionately affected relative to other similarly situated participants in similar businesses:

any change in general economic or political conditions in the United States or any other country or region in the world in which the Company and its subsidiaries conduct business;

any change in the financial, credit or securities markets in general (including changes in interest rates and exchange rates) in the United States or any other country or region in the world in which the Company and its subsidiaries conduct business;

any events, circumstances, changes or effects that affect the industries in which any of the Company and its subsidiaries operate;

any change in GAAP, other applicable accounting rules or law applicable to the Company and its subsidiaries, the operation of the business of any of the Company or its subsidiaries, or any of their respective properties or assets; or

acts of war or terrorism, natural disasters and other similar events in the United States or any other country or region in the world in which the Company and its subsidiaries conduct business;

any changes in the market price or trading volume of the capital stock of the Company;

our entry into, announcement and pendency of the merger agreement and the transactions contemplated thereby and the performance of the merger agreement by the Company and its subsidiaries, including (in either case, arising out of the execution, delivery or performance of the merger agreement and the pendency of the transactions contemplated thereby):

any loss of revenue or earnings; or

any loss of, or change in, the relationship of the Company or any of its Subsidiaries, contractual or otherwise, with its customers, suppliers, vendors, lenders, employees or investors;

the mere fact that we have failed to meet any projections, forecasts, revenue or earnings predictions or expectations of the Company or any securities analysts (although the underlying events causing such failure may be considered); and

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the existence of any litigation arising from allegations of a breach of fiduciary duty relating to the merger agreement or the transactions contemplated thereby (although the facts and circumstances underlying such litigation may be considered).

The merger agreement also contains customary representations and warranties made by Avago that are subject to specified exceptions and qualifications contained in the merger agreement and certain confidential disclosures that Avago delivered to the Company concurrently with the execution of the merger agreement. The representations and warranties of Avago, Merger Sub and Avago USA to the Company under the merger agreement, relate to, among other things:

Avago s, Merger Sub s and Avago USA s due organization, valid existence, good standing and corporate power;

the authority of Avago, Merger Sub and Avago USA to enter into the merger agreement and consummate the merger and the other transactions contemplated by the merger agreement and the enforceability of the merger agreement against Avago, Merger Sub and Avago USA;

the absence of (i) any conflict with or violation of the organizational documents of Avago, Merger Sub and Avago USA, or (ii) any conflict with or violation of applicable laws, as a result of the execution and delivery by Avago, Merger Sub and Avago USA of the merger agreement and consummation by Avago, Merger Sub and Avago USA of the merger;

the absence of certain legal proceedings, investigations and governmental orders;

the absence of beneficial ownership of Company common stock;

brokers and financial advisors fees related to the merger; and

the financing commitments that Avago, Merger Sub and Avago USA would use to fund the merger consideration.

The representations and warranties in the merger agreement of each of the Company, Avago USA and Merger Sub will terminate upon the consummation of the merger or the termination of the merger agreement pursuant to its terms.

Conduct of Our Business Pending the Merger

We have agreed to certain covenants in the merger agreement restricting the conduct of our business between the date of the merger agreement and the effective time of the merger. In general, we and our subsidiaries have agreed that we will and will cause our subsidiaries to (i) carry on our business in the ordinary course consistent with past practice and (ii) use reasonable best efforts to preserve intact our and our subsidiaries present business organizations, maintain in effect all material foreign, federal, state and local permits, keep available the services of our and our subsidiaries current officers and key employees and preserve our and our subsidiaries relationships with customers, lenders and suppliers and others having material business relationships with us and our subsidiaries.

We have also agreed that, except as (i) required under the merger agreement, (ii) set forth in the Company s confidential disclosure schedule delivered to Avago concurrently with the execution of the merger agreement or (iii) pursuant to Avago USA s written consent (which consent shall not be unreasonably withheld, conditioned or delayed, other than with respect to dividends or distributions by the Company), from the date of the merger agreement until the earlier of the effective time of the merger or termination of the merger agreement, we will not, and will not permit any of our subsidiaries to:

amend our certificate of incorporation or by-laws (or the equivalent organizational or governing documents of any of our subsidiaries);

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declare, set aside or pay any dividends or other distribution in respect of, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire, the securities of the Company or any of its subsidiaries, except for dividends declared and paid by any of our subsidiaries to us or to any of our subsidiaries in the ordinary course of business consistent with past practice;

issue, deliver, sell or authorize the issuance, delivery or sale of, the capital stock (or securities convertible or exchangeable into capital stock, or any options or other rights to acquire shares of capital stock or convertible or exchangeable securities) of us or our subsidiaries (except in accordance with the Company ESPP, upon the exercise of Company Options, or settlement of Company RSUs outstanding on the date of the merger agreement or in accordance with the terms of the merger agreement);

amend the terms of the capital stock of us or our subsidiaries (or securities convertible or exchangeable into capital stock, or any options or other rights to acquire shares of capital stock or convertible or exchangeable securities) other than in accordance with the terms of an employee benefit plan in effect on the date of the merger agreement;

incur any capital expenditures in excess of $20,000,000 in the aggregate in any fiscal quarter;

acquire, by merging or consolidating with, purchasing an equity interest in or otherwise, any material assets (including any intellectual property rights or other intangible assets), securities, properties, interests or businesses other than in the ordinary course of business consistent with past practice;

sell, lease, license or encumber any of the material assets (including intellectual property rights and other intangible assets), securities, properties, interests or businesses of us and our subsidiaries other than:

- purchases and sales of patents with a fair market value of less than $1,000,000;
- non-exclusive licenses of less than $2,000,000;
- licenses to any intellectual property rights required by any standard setting organization, industry body or other group that is involved in setting, publishing or developing any industry standards of which we or any of our subsidiaries is a member; or
- settlements not to exceed $3,000,000;

grant any exclusive licenses of any of our or our subsidiaries intellectual property rights without Avago USA s prior written consent;

make any loans, advances or capital contributions to, or investments in any affiliate of us or our subsidiaries other than in the ordinary course of business consistent with past practice or any non-affiliate in an amount in excess of $2,000,000;

make any payments to any related person, other than in the ordinary course of business consistent with past practice or pursuant to an employee benefit plan in effect on the date of the merger agreement or otherwise permitted to be established in accordance with the terms of the merger agreement;

incur any indebtedness, guarantee or repay, redeem or repurchase such indebtedness other than letters of credit issued and maintained by us in the ordinary course of business consistent with past practice, loans or advances solely among us and our subsidiaries and indebtedness outstanding as of the date of the merger agreement;

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enter into, modify or amend in any material respect, fail to renew or default any material contract or waive, release or assign any material rights or claims with respect to any material contract outside the ordinary course of business consistent with past practice;

fail to maintain, or allow to lapse, or abandon any material intellectual property rights used in or otherwise material to the conduct of our and our subsidiaries business as currently conducted, taken as a whole;

except as required pursuant to existing written agreements or Company benefit plans, or written agreements for newly hired employees entered into in the ordinary course of business or as otherwise required by law:

- grant or increase any change-in-control, severance or termination pay to (or amend any such existing arrangement with) any of our or our subsidiaries directors, officers, consultants or employees;
- increase benefits payable under any existing change-in-control, severance or termination pay policies;
- except as required by law, establish, adopt or amend any collective bargaining or work council agreement;
- except as required by law establish, adopt or amend any bonus, commission, profit-sharing, thrift, pension, retirement, deferred compensation, stock option, restricted stock or other employee plan covering any of our or our subsidiaries directors, officers, advisors, consultants or employees; or
- increase compensation, bonus, commission or other benefits payable to any of our or our subsidiaries directors, officers or employees, except in the ordinary course of business consistent with past practice;

change our financial accounting methods, principles or practices, except insofar as may have been required by a change in GAAP or applicable law and has been agreed to by our independent auditors;

commence, settle or offer to settle any action, suit, litigation, arbitration, proceeding, hearing, inquiry, audit or examination commenced, brought, conducted or heard by or before, or otherwise involving, any arbitrator, arbitration panel, court or other governmental authority against us or any of our subsidiaries other than the following, in each case, other than in the ordinary course of business:

- certain legal proceedings disclosed to Avago USA;
- any settlement not requiring payment in excess of $3,000,000 as its sole remedy;
- any stockholder litigation or dispute against us, our subsidiaries or any of our officers or directors; or
- any proceeding relating to the transactions contemplated by the merger agreement;

make or change any material tax election, settle or compromise any claim, notice, audit report or assessment in respect of material taxes, change any annual tax accounting period, adopt or change any material accounting method for taxes, or file any material amended tax return;

enter into any tax allocation agreement, tax sharing agreement, tax indemnity agreement (other than any customary tax gross-up and indemnification provisions in credit agreements, leases, supply agreements and similar agreements entered into in the ordinary course of business), pre-filing agreement, advance pricing agreement, cost sharing agreement or closing agreement relating to any material taxes;

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surrender or forfeit any right to claim a material tax refund; or consent to any extension or waiver of the statute of limitations period applicable to any material tax claim or assessment;

form or acquire any subsidiaries; or

agree, authorize or commit to do any of the foregoing.

Proxy Statement

We have agreed to use all reasonable best efforts to file our preliminary proxy statement with the SEC as promptly as practicable following the date of the merger agreement. We have also agreed to promptly notify Avago USA of any comments or requests for amendments or supplements we receive from the SEC and provide Avago USA with copies of all correspondence between us or our representatives and the SEC. We have agreed to use our reasonable best efforts to promptly respond to any SEC comments to our preliminary proxy statement, and we have agreed to mail our definitive proxy statement to our stockholders as promptly as reasonably practicable (and in any event within five business days) after the date the SEC staff advises that it has no further comments (or the expiration of the 10-day waiting period). In addition, we and Avago USA have agreed to cooperate in preparing and filing any amendments or supplements to this proxy statement required prior to the effective time.

Stockholders Meeting

We are required to take all action in accordance with Delaware law and our certificate of incorporation and bylaws necessary to duly call, give notice of and convene a meeting of our stockholders as promptly as reasonably practicable, and in no event later than 45 days following the date of clearance by the SEC of this proxy statement, to consider and vote upon the adoption of the merger agreement, provided however, that we may elect not to take such actions if our board of directors effects a change of board recommendation in compliance with our obligations described at page 79 of this proxy statement under the heading The Merger Agreement No Solicitation of Acquisition Proposals. Subject to the provisions described at page 79 of this proxy statement under the heading The Merger Agreement No Solicitation of Acquisition Proposals, our board of directors will recommend that our stockholders vote to adopt the merger agreement, include such recommendation in this proxy statement, and will solicit adoption of the merger agreement.

No Solicitation of Acquisition Proposals

We have agreed to immediately cease any activities, discussions or negotiations with any parties that may have been ongoing with respect to an acquisition proposal (as defined below), and to instruct such parties to return to us or destroy any confidential information that had been provided in any such activities, discussions or negotiations.

From the date of the merger agreement until the effective time of the merger or, if earlier, the termination of the merger agreement in accordance with its terms, we have agreed to not, and will cause our subsidiaries, and our and our subsidiaries respective representatives, not to, directly or indirectly:

solicit, initiate, seek or knowingly encourage, facilitate, induce or support any announcement, communication, inquiry, expression of interest, proposal, or offer that constitutes or could reasonably be expected to lead to an acquisition proposal;

enter into, participate in, maintain or continue any discussions or negotiations relating to, any acquisition proposal with any third party, other than solely to state that the Company, its subsidiaries and their representatives are prohibited from engaging in any such discussions or negotiations;

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furnish to any third party any non-public information that could reasonably be expected to be used for the purposes of formulating any inquiry, expression of interest, proposal or offer relating to an acquisition proposal from such third party, other than any information disclosed in the ordinary course consistent with past practices and not known by us to be used for the purposes of formulating any inquiry, expression of interest, proposal or offer relating to an acquisition proposal;

accept any acquisition proposal or enter into any agreement, arrangement or understanding relating to any acquisition proposal; or

submit any acquisition proposal or any matter related thereto to the vote of our stockholders.

However, at any time prior to obtaining stockholder approval of the proposal to adopt the merger agreement and so long as we are not in material breach of our non-solicitation obligations under the merger agreement, in the event that we receive, a *bona fide* written acquisition proposal, we and our board of directors may engage in negotiations or discussions with, or furnish any information to, any third party making such acquisition proposal and its representatives if our board of directors determines in good faith, after consultation with its outside legal and financial advisors, that such acquisition proposal constitutes, or is reasonably likely to result in, a superior proposal and that such action is necessary to comply with our directors fiduciary duties to our stockholders under the DGCL. We may not and shall not allow any of our subsidiaries or our or our subsidiaries respective representatives to furnish any information to any such third party making the acquisition proposal without first entering into a confidentiality agreement containing customary limitations on the use and disclosure of all non-public written and oral information furnished to such third party by or on our or our subsidiaries behalf and containing standstill provisions no less favorable to us than the standstill provisions contained in the confidentiality agreement we entered into with Avago, and promptly providing to Avago USA any such information provided to such third party. These standstill provisions would not restrict such third party from proceeding with their proposal, requesting and receiving non-public information about us and our subsidiaries, engaging in discussions with us with respect to the proposal and, if our board determines that the proposal constitutes a superior proposal and provided that we comply with our non-solicitation obligations under the merger agreement, entering into a definitive agreement with us with respect to the proposal.

The merger agreement provides that prior to obtaining the approval of our stockholders of the proposal to adopt the merger agreement, our board of directors may change its recommendation that our stockholders vote to adopt the merger agreement if our board of directors has determined in good faith, after consultation with its outside counsel, that, in light of an intervening event (as defined below) and taking into account the results of any negotiations with Avago USA and any resulting offer from Avago USA, that such action is necessary to comply with fiduciary duties owed by our board of directors to our stockholders under the DGCL. However, our board of directors may not withdraw, modify or amend its recommendation that our stockholders vote to adopt the merger agreement with respect to an intervening event unless:

we have notified Avago, at least four business days in advance, of our board of directors intent to change its recommendation that our stockholders vote to adopt the merger agreement and specifying our board of directors reasons for proposing to change its recommendation to our stockholders with respect to the merger agreement;

during the four business day period following such written notice described above, we shall have and shall have caused our representatives to have, engaged in good faith negotiations with Avago USA (to the extent Avago USA desires to negotiate) to make such adjustments to the terms of the merger agreement to obviate the need for our board of directors to change its recommendation that our stockholders vote to adopt the merger agreement; and

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during the four business day period following such written notice described above, Avago shall not have made a written, binding and irrevocable offer to modify the terms of the merger agreement that our board of directors has determined in good faith, after consultation with its outside counsel and its financial advisor, would obviate the need for our board of directors to change its recommendation that our stockholders vote to adopt the merger agreement.

For the purposes of the merger agreement, the term intervening event means any event, fact, circumstance, development or occurrence that is material to us and our subsidiaries, taken as a whole (other than any event or circumstance resulting from a breach of the merger agreement by us) that was not known to our board of directors nor reasonably foreseeable by our board of directors on or prior to the date of the merger agreement, which event, fact, circumstance, development or occurrence becomes known to our board of directors prior to obtaining the approval of our stockholders of the proposal to adopt the merger agreement, except that no event, fact, circumstance, development or occurrence resulting from or relating to any of the following shall give rise to an intervening event:

any acquisition proposal;

the public announcement of discussions among the parties regarding a potential transaction, the public announcement, execution, delivery or performance of the merger agreement, the identity of Avago, Avago USA or Merger Sub, or the public announcement, pendency or consummation of the transactions contemplated by the merger agreement;

any change in the trading price or trading volume of Company Common Stock on NASDAQ or any change in the Company s credit rating (although any underlying facts, events, changes, developments or set of circumstances may be considered, along with the effects or consequences thereof);

the fact that the Company has exceeded or met any projections, forecasts, revenue or earnings predictions or expectations of the Company or any securities analysts for any period ending (or for which revenues or earnings are released) on or after the date of the merger agreement (although any underlying facts, events, changes, developments or set of circumstances relating to or causing such material improvement or improvements may be considered, along with the effects or consequences thereof);

changes in GAAP, other applicable accounting rules or applicable law or changes in the interpretation thereof after the date of the merger agreement; or

any changes in general economic or political conditions, or in the financial, credit or securities markets in general, including changes in interest rates, exchange rates, stock, bond and/or debt prices.

The merger agreement provides that prior to obtaining the approval of our stockholders of the proposal to adopt the merger agreement, our board of directors, with respect to an acquisition proposal it receives from a third party, may (i) change its recommendation that our stockholders vote to adopt the merger agreement and (ii) terminate the merger agreement in order to execute or otherwise enter into a binding definitive agreement to effect a transaction constituting a superior proposal if:

our board of directors determines in good faith, after consultation with its outside counsel and financial advisors, that such acquisition proposal constitutes a superior proposal;

our board of directors determines in good faith, after consultation with its outside counsel and financial advisors, that such action is necessary to comply with our directors fiduciary duties to our stockholders under the DGCL;

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we have notified Avago USA in writing, at least four business days in advance, of such proposed termination, which notice shall:

specify the material terms and conditions of such superior proposal;

identify the party making such superior proposal; and

include a copy of the relevant proposed transaction agreements with the party making such superior proposal and all other material documents with respect to such Superior Proposal;

during the four business day period following such written notice described above, we shall have, and shall have caused our representatives to have, engaged in good faith negotiations with Avago USA (to the extent Avago USA desires to negotiate) to make such adjustments to the terms of the merger agreement so that such acquisition proposal ceases to constitute a superior proposal; and

at the end of such four business day period our board of directors determined in good faith, after consultation with its outside counsel and financial advisors (and taking into account any adjustment or modification of the terms of the merger agreement which Avago has offered in writing) that the acquisition proposal continues to be a superior proposal.

If the merger agreement is terminated in such a circumstance, we are required to pay Avago USA the Company termination fee of $200 million prior to or concurrently with such termination as more fully described below.

Any revision to the superior proposal will be deemed to be a new acquisition proposal for purposes of the solicitation obligations described above, and we must deliver a new written notice to Avago USA and again comply with the above requirements, except that the four business day notice period would be reduced to two business days with respect to such revised superior proposal.

Upon execution of the merger agreement, all standstill provisions in the confidentiality agreements entered into by the Company with Party A, Party B and Party C terminated automatically in accordance with their terms.

For the purposes of the merger agreement, the term acquisition proposal is defined as, other than the transactions contemplated by the merger agreement or other proposal or offer from Avago, Avago USA or any of their subsidiaries, any expression of interest, proposal or offer (whether or not in writing) involving: (i) the sale, lease, exchange, transfer, license, disposition (including by way of liquidation or dissolution of one or more of us or our subsidiaries) or acquisition of any business or businesses or assets that, in any such case, constitute or account for 15% or more of the consolidated net revenues, net income or net assets of us and our subsidiaries, taken as a whole; or (ii) any merger, consolidation, amalgamation, share exchange, business combination, issuance of securities, acquisition of securities, recapitalization, tender offer, exchange offer or other similar transaction (other than any such transaction by any of our subsidiaries by or with us or any other of our subsidiaries) (A) in which a person or group (as defined in the Exchange Act) of persons directly or indirectly acquires beneficial or record ownership of securities representing more than 15% of the outstanding securities of any class of our voting securities or (B) in which we issue securities representing more than 15% of any class of our outstanding voting securities.

For the purposes of the merger agreement, the term superior proposal is defined as any *bona fide* written acquisition proposal (with all references to 15% in the definition of acquisition proposal being treated as references to 50%) that is made by a third party that our board of directors determines in good faith, after consultation with its outside legal counsel and financial advisors, is reasonably capable of being consummated, and if consummated would be more favorable to our stockholders from

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a financial point of view than the transactions contemplated by the merger agreement, taking into account (i) all financial, regulatory, legal and other aspects of such acquisition proposal (including the existence of financing conditions, the conditionality of any financing commitments and the likelihood and timing of consummation) and (ii) any adjustment to the terms and conditions of the merger agreement agreed to by Avago USA and Avago in writing.

Filings; Other Actions; Notification

We, Avago, Avago USA and Merger Sub will cooperate with each other and use our respective reasonable best efforts to consummate and make effective the transactions contemplated by the merger agreement and to cause the conditions to the closing of the merger agreement to be satisfied, including:

- take, or cause to be taken, all appropriate actions and do, or cause to be done, and to assist and cooperate with the other parties to the merger agreement in doing all things necessary, proper or advisable under applicable law or otherwise to consummate and make effective the transactions contemplated by the merger agreement as promptly as practicable; and

- obtain from any governmental authority any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained by Avago or any of its subsidiaries or us or any of our respective subsidiaries, or to avoid any legal proceeding by any governmental authority, in connection with the authorization, execution and delivery of the merger agreement and the consummation of the transactions contemplated thereby.

We, Avago, Avago USA and Merger Sub have agreed, subject to certain exceptions and applicable law, to:

- make all necessary registrations, declarations, submissions and filings, and thereafter make any other required registrations, declarations, submissions and filings, and pay any fees due in connection therewith, with respect to the merger agreement and the transactions contemplated thereby required under the Exchange Act, any other applicable federal or state securities laws, the HSR Act, any other applicable antitrust laws, and any other applicable law;

- take, or cause to be taken, such actions and agree to any reasonable action, restriction or condition as may be requested or required by any governmental authority in connection with obtaining any affirmative approval or clearance required under any antitrust laws in the People s Republic of China, the Russian Federation and the Federal Republic of Germany, except if any of the aforementioned actions, either individually or in the aggregate, are or would reasonably be expected to be significant to the business of us and our subsidiaries, taken as a whole;

- make appropriate filings with CFIUS pursuant to the DPA with respect to the transactions contemplated by the merger agreement and comply with any additional requests for information by any antitrust authority or CFIUS;

- take, or cause to be taken, such actions and agree to any reasonable action, restriction or condition to mitigate any national security concerns as may be requested or required by CFIUS or any other agency or branch of the U.S. government in connection with, or as a condition of, obtaining clearance of the transaction by CFIUS, except if any such actions, either individually or in the aggregate, are or would reasonably be expected to be significant to the business of us and our subsidiaries, taken as a whole;

- give notices to third parties and to use our reasonable best efforts to obtain any third party consents that are necessary, proper or advisable to consummate the merger, except that (i) without the prior written consent of Avago USA, which shall not be unreasonably withheld, conditioned or delayed, neither we nor any of our subsidiaries shall pay or commit to pay to

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such third party whose approval or consent is being solicited any material cash or other consideration or incur any material liability or other obligation due to such person, other than any payments which are expressly required pursuant to the terms of such contract with such person in effect as of the date of the merger agreement and (ii) none of Avago, Avago USA or Merger Sub shall be required to pay or commit to pay to such person whose approval or consent is being solicited any cash or other consideration, make any commitment or incur any liability or other obligation; and

keep the other party apprised of the status of matters relating to the completion of the transactions contemplated by the merger agreement, including furnishing copies of notices or communications received by Avago USA or by us from any third party and/or any governmental entity with respect to the transactions contemplated by the merger agreement.

In connection with the receipt of any necessary approvals or clearances of a governmental authority, neither Avago nor the Company is required to sell, hold separate or otherwise dispose of or conduct their business in a specified manner (or agree to do the same) or enter into or agree to enter into a voting trust arrangement, proxy arrangement, hold separate agreement or arrangement or similar agreement or arrangement with respect to the assets, operations or conduct of their business in a specified manner, or permit the sale, holding separate or other disposition of, any assets of Avago, the Company or their respective subsidiaries or affiliates.

Neither we nor Avago USA will permit any of our respective officers or representatives to participate in any meeting with any governmental entity in respect of any filing, investigation or other inquiry without consulting with the other party in advance and, to the extent permitted by such governmental entity, giving the other party the opportunity to participate at such meeting.

Employee Benefit Matters

Avago has agreed that it will, and will cause the surviving corporation for a one-year period commencing at the effective time of the merger to provide continuing employees of the Company with base salary, bonus opportunity, severance, health and welfare benefits that are no less favorable than the base salary, bonus opportunity, severance, health and welfare benefits in effect as of immediately prior to the effective time of the merger. Furthermore, Avago has agreed that it will, and will cause the surviving corporation for a one-year period commencing at the effective time of the merger to honor, and to refrain from amending or terminating, the Company s change in control and severance plans and policies.

Each continuing employee of the Company will be credited with his or her years of service with us before the consummation of the merger to the same extent as under any similar Company benefit plan, for purposes of eligibility, vesting, vacation accrual and severance benefit determinations under any benefit or compensation plan, program, agreement or arrangement that may be established or that is maintained by Avago or the surviving corporation or any subsidiary thereof, excluding for the purposes of benefit accrual under any defined benefit pension plan or frozen benefit plan or vesting under any equity incentive plan.

For the purposes of each benefit plan of Avago or the surviving corporation or any subsidiary thereof providing medical, dental, pharmaceutical, vision and/or health benefits, which we refer to as the Parent Plans, Avago will use reasonable best efforts to cause (a) all pre-existing condition exclusions, actively-at-work requirements and similar limitations, eligibility waiting periods and evidence of insurability requirements of the Parent Plans to be waived for such employee and his or her covered dependents to the extent such exclusions or requirements would have been waived or satisfied under any Company benefit plan as of the closing of the merger and (b) any deductible, co-insurance and covered out-of-pocket expenses incurred under any Company benefit plan during the portion of the

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plan year until the effective time of the merger to be taken into account for purposes of satisfying the corresponding deductible, co-insurance and maximum out-of-pocket provisions after the closing of the merger under any applicable Parent Plan in the applicable plan year.

As soon as administratively practicable after the effective time of the merger, all participants in any Company 401(k) plan will become participants in the comparable 401(k) Plan of Avago or an affiliate of Avago.

Public Announcements

We and Avago USA have agreed that, in connection with a change of board recommendation, we will not issue any press release or make a public announcement with respect to the merger, merger agreement or other transactions contemplated by the merger agreement without the consent of the other party (which is not to be unreasonably withheld or delayed) unless such press release or announcement is required by law, in which case, the applicable party shall use its reasonable best efforts to provide the other party with a reasonable opportunity to review and comment on such press release or announcement prior to its issuance.

Notices of Events

We have agreed to promptly notify Avago USA of:

- any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by the merger agreement;
- any notice or other communication from any governmental authority delivered in connection with the transactions contemplated by the merger agreement or indicating that a material permit of ours is revoked or about to be revoked or that a permit is required in any jurisdiction in which such material permit of ours has not been obtained;
- any actions, suits, claims, investigations or proceedings commenced or, to our knowledge, threatened against, relating to or involving or otherwise affecting us or any of our subsidiaries, that, if pending on the date of the merger agreement, we would have been required to disclose to Avago USA in connection with our representations and warranties in the merger agreement, or that relate to the consummation of the transactions contemplated by the merger agreement;
- any inaccuracy in or breach of any representation, warranty or covenant contained in the merger agreement such that Avago USA s conditions to consummating the merger related to our representations and warranties would not be satisfied;
- any written notice from NASDAQ asserting any non-compliance with any applicable listing and other rules and regulations of NASDAQ; and
- any event, condition, fact or circumstance that would make the timely satisfaction of any of the conditions to consummation of the merger impossible, unlikely or materially delayed.

Avago, Avago USA and Merger Sub have agreed to promptly notify us of:

- any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by the merger agreement;

any notice or other communication from any governmental authority delivered in connection with the transactions contemplated by the merger agreement;

any actions, suits, claims, investigations or proceedings commenced or, to Avago USA s knowledge, threatened against, relating to or involving or otherwise affecting Avago, Avago USA or Merger Sub that relate to the consummation of the transactions contemplated by the merger agreement;

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any inaccuracy in or breach of any representation, warranty or covenant contained in this Agreement such that our conditions to consummating the merger related to the representations and warranties of Avago, Avago USA and Merger Sub would not be satisfied; and

any event, condition, fact or circumstance that would make the timely satisfaction of any of the conditions to consummation of the merger impossible, unlikely or materially delayed.

Conditions to the Merger

The respective obligations of Avago, Avago USA, Merger Sub and us to consummate the merger are subject to the satisfaction or waiver of the following conditions:

approval by our stockholders of the proposal to adopt the merger agreement;

expiration or termination of any applicable waiting periods under the HSR Act and, on the date of the closing of the merger, there shall not be in effect any voluntary agreement between Avago USA and the FTC or the DOJ pursuant to which the parties have agreed not to consummate the merger for any period of time;

receipt of required approval or clearance under the antitrust laws of the People s Republic of China, the Russian Federation and the Federal Republic of Germany; and

the absence of any order, injunction or decree issued by any court or governmental entity in effect which prohibits or prevents the consummation of the merger on the terms contemplated in the merger agreement, and any law enacted or deemed applicable, that makes illegal the consummation of the merger.

The obligations of Avago, Avago USA and Merger Sub to effect the merger are also subject to the satisfaction or waiver by Avago USA at or prior to the effective time of the merger of the following additional conditions:

our representations and warranties in the merger agreement regarding our and our subsidiaries corporate existence, power and good standing, our authority to enter into the merger agreement, capitalization (which will be accurate in all material respects if the Company s fully diluted capitalization does not exceed by more than 1,000,000 shares the Company s fully diluted capitalization as set forth in the merger agreement), receipt of the fairness opinion from Qatalyst Partners and the inapplicability of antitakeover statutes must, if qualified by materiality or Company material adverse effect , be accurate in all respects or, if not so qualified by materiality or Company material adverse effect , have been accurate in all material respects, as of the date of the merger agreement and as of the date of the closing of the merger (except for those representations and warranties made as of a specific date, in which case they shall be true and correct in all material respects, as applicable, as of such earlier date);

our other representations and warranties set forth in the merger agreement, disregarding all qualifications and exceptions relating to materiality or Company material adverse effect, must be true and correct as of the date of the merger agreement and as of the date of the closing of the merger (or, to the extent expressly made as of a specific date, as of such earlier date), except where the failure to be true and correct has not had and would not be reasonably expected to have, individually or in the aggregate, a Company material adverse effect;

we must have performed in all material respects our obligations under the merger agreement that are required to be performed by us at or prior to the effective time of the merger;

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from the date of the merger agreement until the effective time of the merger, there must not have occurred any change, event or occurrence that has had or would be expected to have, individually or in the aggregate, a Company material adverse effect;

we must have delivered to Avago USA a certificate to the effect that the conditions in the preceding four bullet points have been satisfied;

we must deliver written resignations of all directors of the Company, effective as of the date of the closing of the merger;

there shall not be pending by any governmental authority any legal proceeding that seeks to prevent the consummation of the merger or that seeks to require the taking of any action or the imposition of any remedy that is not required of Avago in The Merger Agreement: Filings; Other Actions; Notification on page 83; and

any review or investigation by CFIUS of the transactions contemplated by the merger agreement shall have been concluded, and either (i) the parties shall have received written notice that a determination by CFIUS has been made that there are no unresolved issues of national security in connection with the transactions contemplated by this Agreement, or (ii) the President of the United States shall have determined not to use his powers pursuant to the DPA to unwind, suspend or prohibit the consummation of the transactions contemplated by the merger agreement.

Our obligation to effect the merger is subject to the satisfaction or waiver (in writing) by us at or prior to the effective time of the merger of the following additional conditions:

the representations and warranties of Avago, Avago USA and Merger Sub in the merger agreement regarding Avago s, Avago USA s and Merger Sub s corporate existence, power and good standing, Avago s, Avago USA s and Merger Sub s authority to enter into the merger agreement, the absence of (i) any conflict with or violation of the organizational documents of Avago, Merger Sub and Avago USA, or (ii) any conflict with or violation of applicable laws, as a result of the execution and delivery by Avago, Merger Sub and Avago USA of the merger agreement and consummation by Avago, Merger Sub and Avago USA of the merger must, if qualified by materiality, be accurate in all respects or, if not so qualified by materiality, have been accurate in all material respects, as of the date of the merger agreement and as of the date of the closing of the merger (except for those representations and warranties made as of a specific date, in which case they shall be true and correct in all material respects, as applicable as of such earlier date);

the other representations and warranties of Avago, Avago USA and Merger Sub set forth in the merger agreement, disregarding all qualifications and exceptions relating to materiality or similar qualifications, must be true and correct as of the date of the merger agreement and as of the date of the closing of the merger (or, to the extent expressly made as of a specific date, as of such earlier date), except where the failure to be true and correct has not had and would not reasonably be expected to have a material adverse effect on the ability of Avago, Avago USA and Merger Sub to consummate the merger;

each of Avago, Avago USA and Merger Sub must have performed or complied in all material respects with their respective obligations under the merger agreement required to be performed or complied with by them on or prior to the effective time of the merger; and

Avago USA must have delivered to us a certificate to the effect that the conditions in the preceding three bullet points have been satisfied.

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Termination

We and Avago USA may, by mutual written agreement, terminate the merger agreement and abandon the merger at any time prior to the effective time of the merger, whether before or after the adoption of the merger agreement by our stockholders.

Either Avago USA or we may also terminate the merger agreement at any time prior to the effective time of the merger if:

- the Merger has not been consummated on or before September 23, 2014, which date we refer to as the end date;
- any governmental entity having competent jurisdiction shall have issued any order, injunction or other decree or taken any other action (including failure to have taken an action), in each case, which has become final and non-appealable and which permanently restrains, enjoins or otherwise prohibits the merger; or
- the affirmative vote of the holders of outstanding Company common stock representing at least a majority of all the votes entitled to be cast thereupon by holders of Company common stock to adopt the merger agreement and approve the transactions contemplated by the merger agreement is not obtained at the special meeting or any adjournment or postponement thereof at which the merger agreement and the transactions contemplated by the merger agreement have been voted upon, provided that a party shall not be permitted to terminate the merger agreement for this reason if the failure to obtain such stockholder approval results from a breach of the merger agreement by such party at or prior to the closing of the merger.

We may also terminate the merger agreement if:

- (i) any representation or warranty of Avago, Avago USA or Merger Sub set forth in the merger agreement is inaccurate or becomes inaccurate following entry into the merger agreement or (ii) Avago, Avago USA or Merger Sub breach their covenants and obligations under the merger agreement in any material respect, in each case, such that our closing conditions related to such representations, warranties, covenants or obligations would not be satisfied, except if such inaccuracy or breach is curable by Avago, Avago USA or Merger Sub during the 30 day period after we notify Avago USA of such inaccuracy or breach, we may not terminate the merger agreement as a result of such breach or failure before the expiration of such 30 day notice period unless Avago, Avago USA or Merger Sub are no longer continuing to exercise reasonable best efforts to cure such breach or inaccuracy;
- (i) the marketing period has ended, (ii) all of the other conditions to closing of the merger (other than conditions which are to be satisfied by actions taken at the closing of the merger) have been satisfied, (iii) the Company has irrevocably confirmed in writing that the Company is prepared to consummate the merger, and (iv) Avago USA fails to consummate the merger within three business days after the delivery of such notice and the Company stood ready, willing and able to consummate the merger and the other transactions contemplated by the merger agreement to occur at the consummation of the merger through the end of such three-day period; or