

Avago Technologies LTD
Form 424B4
August 06, 2009
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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-153127
Registration No. 333-161074

PROSPECTUS

43,200,000 Shares

Ordinary Shares

This is the initial public offering of the ordinary shares of Avago Technologies Limited, a public limited company incorporated under the laws of the Republic of Singapore. We are offering 21,500,000 of the ordinary shares to be sold in this offering and the selling shareholders identified in this prospectus, including members of our senior management and entities affiliated with directors of our company, are offering an additional 21,700,000 ordinary shares. We will not receive any proceeds from the sale of the shares to be offered by the selling shareholders. Prior to this offering, there has been no public market for our ordinary shares.

Our ordinary shares have been approved for listing on the Nasdaq Global Select Market under the symbol AVGO.

See Risk Factors on page 13 of this prospectus to read about factors you should consider before buying our ordinary shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities nor passed upon the accuracy or adequacy of the disclosures in the prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	\$ 15.00	\$ 648,000,000
Underwriting discounts and commissions	0.90	38,880,000
Proceeds, before expenses, to Avago Technologies Limited	14.10	303,150,000
Proceeds, before expenses, to the selling shareholders	14.10	305,970,000

To the extent that the underwriters sell more than 43,200,000 ordinary shares, the underwriters have a 30-day option to purchase up to an additional 6,480,000 ordinary shares from the selling shareholders at the public offering price, less the underwriting discounts and commissions.

The underwriters expect to deliver the ordinary shares against payment on or about August 11, 2009.

Deutsche Bank Securities

Barclays Capital

Morgan Stanley

Citi

Credit Suisse

Goldman, Sachs & Co.
ABN AMRO Incorporated

J.P. Morgan

UBS Investment Bank
FTN Equity Capital Markets

KKR

The date of this prospectus is August 5, 2009.

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You should rely only on the information contained in this prospectus, any free writing prospectus prepared by or on behalf of us or any information to which we have referred you. Neither we, the selling shareholders nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus. We and the selling shareholders are offering to sell, and seeking offers to buy, ordinary shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on the front cover of this prospectus, or other date stated in this prospectus, regardless of the time of delivery of this prospectus or of any sale of our ordinary shares.

Until August 31, 2009 (25 days after commencement of this offering), all dealers that buy, sell, or trade our ordinary shares, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: Neither we, the selling shareholders nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information, including our historical financial statements and the related notes, elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in Risk Factors. As used in this prospectus, Avago, Company, we, our, us or Successor refer to Avago Technologies Limited and its subsidiaries on a consolidated basis, unless otherwise indicated. As used in this prospectus, Predecessor refers to the Semiconductor Products Group, or SPG, of Agilent Technologies, Inc., or Agilent. Our fiscal year end has been October 31 historically and, commencing with the 2008 fiscal year, is the Sunday that is the closest to October 31. Unless otherwise stated, all years refer to our fiscal year. Unless otherwise noted or the context otherwise makes clear, all discussions of historical data include the results of the camera module business, which was sold on February 3, 2005 and to which we refer to in this prospectus as the Camera Module Business, and exclude the results of the storage business, which was sold on February 28, 2006 and to which we refer to in this prospectus as the Storage Business, the printer ASICs business, which was sold on May 1, 2006 and to which we refer to in this prospectus as the Printer ASICs Business, the image sensor operations, which was sold on December 8, 2006 and to which we refer to in this prospectus as the Image Sensor operations, and our infra-red operations, which was sold on January 10, 2008 and to which we refer to in this prospectus as the Infra-red operations and, together with the Storage Business, the Printers ASICs Business and the Image Sensor operations, the Discontinued Operations.

Our Business

We are a leading designer, developer and global supplier of a broad range of analog semiconductor devices with a focus on III-V based products. We differentiate ourselves through our high performance design and integration capabilities. III-V semiconductor materials have higher electrical conductivity, enabling faster speeds and tend to have better performance characteristics than conventional silicon in applications such as radio frequency, or RF, and optoelectronics. III-V refers to elements from those groups in the periodic table of chemical elements, and examples of these materials are gallium arsenide (GaAs), gallium nitride (GaN) and indium phosphide (InP). Our product portfolio is extensive and includes approximately 6,500 products in four primary target markets: wireless communications, wired infrastructure, industrial and automotive electronics, and consumer and computing peripherals. Applications for our products in these target markets include cellular phones, consumer appliances, data networking and telecommunications equipment, enterprise storage and servers, factory automation, displays, optical mice and printers.

We have a 40-year history of innovation dating back to our origins within Hewlett-Packard Company. Over the years, we have assembled a team of approximately 1,000 analog design engineers, and we maintain highly collaborative design and product development engineering resources around the world. Our locations include two design centers in the United States, four in Asia and three in Europe. We have developed an extensive portfolio of intellectual property that currently includes more than 5,000 U.S. and foreign patents and patent applications.

We have a diversified and well-established customer base of approximately 40,000 end customers which we serve through our multi-channel sales and fulfillment system. We distribute most of our products through our broad distribution network, and we are a significant

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supplier to two of the largest global electronic components distributors, Avnet, Inc. and Arrow Electronics, Inc. We also have a direct sales force focused on supporting large original equipment manufacturers, or OEMs, such as Brocade Communications Systems, Inc., Cisco Systems, Inc., Hewlett-Packard Company, International Business Machines Corp., LG Electronics Inc., Logitech International S.A. and Samsung Electronics Co., Ltd. For the six months ended May 3, 2009, our top 10 customers, which included four distributors, collectively accounted for 59% of our net revenue from continuing operations.

We focus on maintaining an efficient global supply chain and a variable, low-cost operating model. Accordingly, we have outsourced a majority of our manufacturing operations. We have over 35 years of operating history in Asia, where approximately 57% of our employees are located and where we produce and source the majority of our products. Our presence in Asia places us in close proximity to many of our customers and at the center of worldwide electronics manufacturing. For the fiscal year ended November 2, 2008 and the six months ended May 3, 2009, we generated net revenues from continuing operations of \$1.699 billion and \$693 million, respectively, and net income (loss) of \$83 million and \$(25) million, respectively.

Our Competitive Strengths

Our leadership in the design, development and supply of III-V analog semiconductor devices in our target markets is based on the following competitive strengths:

Leading designer and manufacturer of III-V analog semiconductor devices. Our engineering expertise includes combining III-V semiconductors with many other components into application specific products that enable entire electronic systems or sub-systems. Our expertise in these areas allows us to effectively design and manufacture our products using specialized, highly conductive materials that are especially suited for RF and optoelectronics products.

Significant intellectual property portfolio and research and development targeting key growth markets. Our history and market position enable us to strategically focus our research and development resources to address attractive target markets. We leverage our significant intellectual property portfolio of more than 5,000 U.S. and foreign patents and patent applications to integrate multiple technologies and create component solutions that target growth opportunities.

Large and broadly diversified business provides multiple growth opportunities. Our sales are broadly diversified across products, customers, sales channels, geographies and target markets. We offer more than 6,500 products to approximately 40,000 end customers in our four primary target markets. We have generated substantial sales in key markets across the globe including the Americas, Europe, Asia/Pacific and Japan. The diversity of our customers, target markets and applications provides us with multiple growth opportunities.

Established, collaborative customer relationships with leading OEMs. We have established strong relationships with leading global customers across multiple target markets. Our close customer relationships have often been built as a result of years of collaborative product development which has enabled us to build our intellectual property portfolio and develop critical expertise regarding our customers requirements, including substantial system-level knowledge. This collaboration has provided us with key insights into our customers and has enabled us to be more efficient and productive and to better serve our target markets and customers.

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Highly efficient operating model. We operate a primarily outsourced manufacturing business model that principally utilizes third-party foundry and assembly and test capabilities. We maintain our internal fabrication facilities for products utilizing our innovative materials and processes to protect our intellectual property and to develop the technology for manufacturing. We outsource standard complementary metal-oxide semiconductor, or CMOS, processes. Our primarily outsourced manufacturing business model provides the flexibility to respond to market opportunities, simplifies our operations and reduces our capital requirements.

Strategy

Our goal is to continue to be a global market leader in the design, development and supply of III-V analog semiconductor devices in our target markets. Key elements of our strategy include:

Rapidly introduce proprietary products. We believe our current product expertise, key engineering talent and intellectual property portfolio provide us with a strong platform from which to develop application specific products in key target markets. We focus our research and development efforts on the development of innovative, sustainable and higher value product platforms. We leverage our design capabilities in markets where we believe our innovation and reputation will allow us to earn attractive margins by developing high value-add products.

Extend our design expertise, intellectual property and technology capabilities. We continue to build on our history of innovation, intellectual property portfolio, design expertise and system-level knowledge to create more integrated solutions. We intend to continue to invest in the development of future generations of our products to meet the increasingly higher performance and lower cost requirements of our customers. We intend to leverage our engineering capabilities in III-V semiconductor devices and continue to invest resources in recruiting and developing additional expertise in the areas of RF microelectromechanical systems, or RF MEMs, filters and front end modules, high speed serializers/deserializers, or SerDes, and a wide range of optoelectronics technologies.

Focus on large, attractive markets where our expertise provides significant opportunities. We intend to expand our product offerings to address existing and adjacent market opportunities, and plan to selectively target attractive segments within large established markets. We target markets that require high quality and the integrated performance characteristics of our products.

Increase breadth and depth of our customer relationships. We continue to expand our customer relationships through collaboration on critical design and product development activities. Customers can rely on our system-level expertise to improve the quality and cost-effectiveness of their products, accelerate time-to-market and improve overall product performance. By collaborating with our customers, we have opportunities to develop high value-added, customized products that leverage our existing technologies. We believe our collaborative relationships enhance our ability to anticipate customer needs and industry trends and will allow us to gain market share and penetrate new markets.

Continue to pursue a flexible and cost-effective manufacturing strategy. We believe that utilizing outsourced service providers for our standard CMOS manufacturing and a significant majority of assembly and test activities enables us to respond faster to rapidly changing market conditions. We have outsourced a majority of our manufacturing operations and we maintain significant focus on managing an efficient global supply chain and a variable, low-cost operating model.

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Risks Associated with Our Company

Investing in our company entails a high degree of risk, including those summarized below and those more fully described in the Risk Factors section beginning on page 13 of this prospectus. You should consider carefully such risks before deciding to invest in our ordinary shares. These risks include, among others:

the overall condition of the highly cyclical semiconductor industry, including the impact of the current significant economic downturn;

adaptation to technological changes in the semiconductor industry;

dependence on contract manufacturing and outsourced supply chain;

prolonged disruptions of our manufacturing facilities;

manufacturing efficiency and product quality, including potential warranty claims and product recalls;

competition in the markets in which we serve;

quarterly and annual fluctuations;

investments in research and development;

departure of key senior managers and the ability to retain and attract key personnel;

changes in tax laws;

protection and enforcement of our intellectual property rights;

loss of one or more of our significant customers;

our reliance on third parties to provide services for the operation of our business;

risks relating to the transaction of business internationally;

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the effects of war, terrorism, natural disasters or other catastrophic events;

the integration of acquired businesses, the performance of acquired businesses and the prospects for future acquisitions;

our substantial indebtedness;

currency fluctuations;

certain covenants in our debt documents; and

the other factors set forth under Risk Factors.

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Corporate Information

Avago Technologies Limited was incorporated under the laws of the Republic of Singapore in August 2005. Our Singapore company registration number is 200510713C. The address of our registered office and our principal executive offices is 1 Yishun Avenue 7, Singapore 768923, and our telephone number is +65-6755-7888. We are the successor to the Semiconductor Products Group of Agilent, which we acquired on December 1, 2005 in a transaction that we refer to in this prospectus as the SPG Acquisition.

All of our operations are conducted through our various subsidiaries, which are organized and operated according to the laws of their country of incorporation, and consolidated by Avago Technologies Limited.

Our website address is www.avagotech.com. The information on, or accessible through, our website is not part of this prospectus.

Our trademarks include Avago Technologies. All other trademarks or service marks appearing in this prospectus are trademarks or service marks of others.

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The Offering

Ordinary shares offered by us	21,500,000 shares.
Ordinary shares offered by the selling shareholders	21,700,000 shares (or 28,180,000 shares if the underwriters exercise their option to purchase additional shares in full).
Ordinary shares to be outstanding immediately after this offering	235,888,203 shares (or 236,010,173 shares if the underwriters exercise their option to purchase additional shares in full).

Use of proceeds

We estimate that we will receive net proceeds of approximately \$297 million from the sale by us of the ordinary shares offered in this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We will also receive in the aggregate approximately \$2 million from selling shareholders who will pay to us the exercise price for options exercised by them for the purpose of selling shares in this offering. We intend to use the net proceeds received by us in connection with this offering for the following purposes and in the following amounts:

approximately \$53 million will be paid to our equity sponsors in connection with the termination of our advisory agreement pursuant to its terms (with one half payable to each equity sponsor); and

approximately \$246 million will be used to repay a portion of our long-term indebtedness, which consists of our senior floating rate notes due 2013, 10 1/8% senior notes due 2013 and 11 7/8% senior subordinated notes due 2015, including estimated prepayment premiums. The selection of which series of notes, the amounts to be repaid within a particular series, the timing of repayment and the particular method by which we effect repayment, which could include redemption calls, open market purchases, privately negotiated transactions or tender offers, or some combination thereof, have not yet been determined and will depend, among other things, on market conditions.

See Use of Proceeds. KKR Capital Markets LLC, one of the underwriters for this offering, is an affiliate of:

Kohlberg Kravis Roberts & Co., L.P., one of our equity sponsors, which will receive approximately \$28 million of the proceeds from this offering in connection with the termination of our advisory agreement pursuant to its terms, which includes an amount equal to 0.5% of the proceeds to us from this offering as specified in the advisory agreement (see Certain Relationships and Related Party Transactions Advisory Agreement), and

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an investment advisor that manages certain funds and accounts, which hold \$10 million principal amount of our senior floating rate notes, \$20 million principal amount of our senior notes and \$52 million principal amount of our senior subordinated notes, some or all of which may be retired with a portion of the net proceeds from this offering (see Underwriting Relationships/FINRA Rules).

We will not receive any proceeds from the sale of ordinary shares to be offered by the selling shareholders. The selling shareholders include members of our senior management and entities affiliated with directors of our company. Bali Investments S.à.r.l, an entity controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co. and Silver Lake Partners, is our controlling shareholder and is a selling shareholder in this offering. See Principal and Selling Shareholders.

Nasdaq Global Select Market symbol AVGO.

The number of ordinary shares to be outstanding after this offering is based on 213,935,874 shares outstanding as of May 3, 2009 plus (1) the 21,500,000 shares to be sold by us in this offering and (2) 452,329 shares that will be issued upon exercise of options held by selling shareholders for the purpose of selling shares in this offering.

As of May 3, 2009, we had 213,935,874 shares outstanding, excluding:

21,767,164 ordinary shares issuable upon the exercise of options outstanding under our Amended and Restated Equity Incentive Plan for Executive Employees of Avago Technologies Limited and Subsidiaries, or the Executive Plan, and Amended and Restated Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and Subsidiaries, or the Senior Management Plan, as of May 3, 2009 at a weighted average exercise price of \$7.49 per share, including 392,442 shares that will be issued upon the exercise of options with a weighted average exercise price of \$4.69 per share by selling shareholders and sold by them in this offering;

up to 20,000,000 ordinary shares reserved for future issuance under our 2009 Equity Incentive Award Plan, of which options to purchase approximately 2,700,000 ordinary shares at an exercise price equal to the initial public offering price set forth on the cover of this prospectus will be granted prior to this offering;

800,000 ordinary shares issuable upon the exercise of an option granted to Capstone Equity Investors LLC at an exercise price of \$5.00 per share, including 59,887 shares that will be issued upon the exercise of the option and sold by Capstone in this offering; and

up to 8,000,000 ordinary shares issuable pursuant to our Employee Share Purchase Plan.
Except as otherwise indicated, all information in this prospectus assumes:

no exercise of the underwriters' option to purchase additional shares from the selling shareholders; and

the filing by us of a revised memorandum and articles of association, which will occur on or before the completion of this offering.

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Set forth below is summary financial information as of and for the periods presented. You should read this data together with the information under the headings Risk Factors, Selected Financial Data and Management's Discussion and Analysis of Financial Condition and Results of Operations and the historical financial statements and related notes included elsewhere in this prospectus. The summary statements of operations data for the one month ended November 30, 2005 and the years ended October 31, 2006, October 31, 2007 and November 2, 2008 have been derived from audited historical financial statements and related notes included elsewhere in this prospectus. The summary statements of operations data for the six months ended May 4, 2008 and May 3, 2009 and the summary balance sheet data as of May 3, 2009 have been derived from unaudited historical financial statements and related notes included elsewhere in this prospectus. We have prepared the unaudited historical financial statements on the same basis as the audited historical financial statements and, in the opinion of our management, the statements reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial information set forth in these statements. The historical financial data may not be indicative of our future performance and does not reflect what our financial position and results of operations would have been if we had operated as a fully stand-alone entity during all of the periods presented. We adopted a 52-or 53-week fiscal year beginning with our fiscal year 2008. Our fiscal year ends on the Sunday closest to October 31.

	Predecessor(1) One Month Ended November 30, 2005	October 31, 2006(2)	Year Ended October 31, 2007	Company November 2, 2008	Six Months Ended May 4, 2008	May 3, 2009
(in millions, except per share data)						
Statement of Operations Data:						
Net revenue	\$ 114	\$ 1,399	\$ 1,527	\$ 1,699	\$ 813	\$ 693
Costs and expenses:						
Cost of products sold:						
Cost of products sold	87	926	936	981	467	414
Amortization of intangible assets		55	60	57	28	29
Asset impairment charges(3)			140			
Restructuring charges(4)		2	29	6	2	9
Total costs of products sold	87	983	1,165	1,044	497	452
Research and development	22	187	205	265	128	121
Selling, general and administrative	27	243	193	196	98	82
Amortization of intangible assets		56	28	28	14	11
Asset impairment charges(3)			18			
Restructuring charges(4)	1	3	22	6	3	8
Litigation settlement(5)		21				
Acquired in-process research and development			1			
Total costs and expenses	137	1,493	1,632	1,539	740	674
Income (loss) from operations(6)(7)	(23)	(94)	(105)	160	73	19
Interest expense(8)		(143)	(109)	(86)	(45)	(38)
Gain (loss) on extinguishment of debt			(12)	(10)	(10)	1
Other income (expense), net		12	14	(4)	2	(4)
Income (loss) from continuing operations before income taxes	(23)	(225)	(212)	60	20	(22)
Provision for income taxes	2	3	8	3	7	3
Income (loss) from continuing operations	(25)	(228)	(220)	57	13	(25)
Income from and gain on discontinued operations, net of income taxes(9)	1	1	61	26	8	
Net income (loss)	\$ (24)	\$ (227)	\$ (159)	\$ 83	\$ 21	\$ (25)

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	Predecessor(1) One Month Ended November 30, 2005	Company Year Ended			Six Months Ended	
		October 31, 2006(2)	October 31, 2007	November 2, 2008	May 4, 2008	May 3, 2009
(in millions, except per share data)						
Net income (loss) per share:						
Basic:						
Income (loss) from continuing operations		\$ (1.07)	\$ (1.03)	\$ 0.27	\$ 0.06	\$ (0.12)
Income from and gain on discontinued operations, net of income taxes			0.29	0.12	0.04	
Net income (loss)		\$ (1.07)	\$ (0.74)	\$ 0.39	\$ 0.10	\$ (0.12)
Diluted:						
Income (loss) from continuing operations		\$ (1.07)	\$ (1.03)	\$ 0.26	\$ 0.06	\$ (0.12)
Income from and gain on discontinued operations, net of income taxes			0.29	0.12	0.04	
Net income (loss)		\$ (1.07)	\$ (0.74)	\$ 0.38	\$ 0.10	\$ (0.12)
Weighted average shares:						
Basic		213	214	214	214	214
Diluted		213	214	219	219	214

	As of May 3, 2009	
	Actual	As Adjusted(10) (in millions)
Balance Sheet Data		
Cash and cash equivalents	\$ 241	\$ 241
Total assets	1,805	1,805
Total long-term debt and capital lease obligations	704	468
Total shareholders' equity	758	994

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The following table presents unaudited quarterly consolidated statement of operations data for the eight quarters ended May 3, 2009. We have prepared the unaudited quarterly financial information on a consistent basis with the audited consolidated financial statements included in this prospectus, and the financial information reflects all normal, recurring adjustments that we consider necessary for a fair statement of such information in accordance with GAAP for the quarters presented. The results for any quarter are not necessarily indicative of results that may be expected for any future period.

	Three Months Ended							
	July 31, 2007	October 31, 2007	February 3, 2008	May 4, 2008	August 3, 2008	November 2, 2008	February 1, 2009	May 3, 2009
	(in millions, except per share data)							
Net revenue	\$ 381	\$ 391	\$ 402	\$ 411	\$ 439	\$ 447	\$ 368	\$ 325
Costs and expenses:								
Cost of products sold:								
Cost of products sold	231	241	230	237	251	263	204	210
Amortization of intangible assets	15	15	14	14	14	15	15	14
Asset impairment charges(3)	140							
Restructuring charges(4)	8	6	1	1	3	1	6	3
Total cost of products sold	394	262	245	252	268	279	225	227
Research and development	53	51	66	62	68	69	62	59
Selling, general and administrative	44	45	50	48	50	48	40	42
Amortization of intangible assets	7	7	7	7	7	7	6	5
Asset impairment charges(3)	18							
Restructuring charges(4)	3	8	2	1	2	1	5	3
Acquired in-process research and development	1							
Total costs and expenses	520	373	370	370	395	404	338	336
Income (loss) from operations(6)(7)	(139)	18	32	41	44	43	30	(11)
Interest expense(8)	(26)	(26)	(25)	(20)	(20)	(21)	(18)	(20)
Gain (loss) on extinguishment of debt	(1)	(1)	(10)				1	
Other income (expense), net	2	6	1	1		(6)	(2)	(2)
Income (loss) from continuing operations before income taxes	(164)	(3)	(2)	22	24	16	11	(33)
Provision for (benefit from) income taxes	3	2	3	4	5	(9)	5	(2)
Income (loss) from continuing operations	(167)	(5)	(5)	18	19	25	6	(31)
Income (loss) from and gain on discontinued operations, net of income taxes(9)		3	9	(1)	25	(7)		
Net income (loss)	\$ (167)	\$ (2)	\$ 4	\$ 17	\$ 44	\$ 18	\$ 6	\$ (31)
Net income (loss) per share:								
Basic:								
Income (loss) from continuing operations	\$ (0.78)	\$ (0.02)	\$ (0.02)	\$ 0.08	\$ 0.09	\$ 0.12	\$ 0.03	\$ (0.15)
Income (loss) from and gain on discontinued operations, net of income taxes		0.01	0.04		0.12	(0.04)		
Net Income (loss)	\$ (0.78)	\$ (0.01)	\$ 0.02	\$ 0.08	\$ 0.21	\$ 0.08	\$ 0.03	\$ (0.15)
Diluted:								

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Income (loss) from continuing operations	\$ (0.78)	\$ (0.02)	\$ (0.02)	\$ 0.08	\$ 0.09	\$ 0.11	\$ 0.03	\$ (0.15)
Income (loss) from and gain on discontinued operations, net of income taxes		0.01	0.04		0.11	(0.03)		
Net Income (loss)	\$ (0.78)	\$ (0.01)	\$ 0.02	\$ 0.08	\$ 0.20	\$ 0.08	\$ 0.03	\$ (0.15)

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- (1) Predecessor refers to the Semiconductor Products Group business segment of Agilent.
- (2) We completed the SPG Acquisition on December 1, 2005. The SPG Acquisition was accounted for as a purchase business combination under United States generally accepted accounting principles, or GAAP, and thus the financial results for all periods from and after December 1, 2005 are not necessarily comparable to the prior results of Predecessor. We did not have any significant operating activity prior to December 1, 2005. Accordingly, our results for the year ended October 31, 2006 represent only the eleven months of our operations after the completion of the SPG Acquisition.
- (3) During the year ended October 31, 2007, we recorded a \$158 million write-down of certain long-lived assets following a review of the recoverability of the carrying value of certain manufacturing facilities, of which \$18 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold.
- (4) Our restructuring charges predominantly represent one-time employee termination benefits. We incurred total restructuring charges of \$5 million during the year ended October 31, 2006 (\$6 million on a combined basis including the one month period ended November 30, 2005) related to our effort to rationalize our product lines. During the year ended October 31, 2007, we incurred restructuring charges of \$51 million, of which \$22 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold. During the year ended November 2, 2008, we incurred restructuring charges of \$12 million, of which \$6 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold. During the six months ended May 4, 2008 and May 3, 2009, we incurred restructuring charges of \$5 million and \$17 million, respectively, of which \$3 million and \$8 million, respectively, were recorded as part of operating expenses and the remainder were recorded as part of cost of products sold.
- (5) In November 2006, we agreed to settle a trade secret lawsuit filed by Sputtered Films Inc., a subsidiary of Tegal Corporation, against Agilent, Advanced Modular Sputtering Inc. and our company. We assumed responsibility for this litigation in connection with the SPG Acquisition and accrued this liability in the fourth quarter of fiscal year 2006.
- (6) Includes share-based compensation expense recorded by Predecessor of \$4 million for the one month ended November 30, 2005, and for the Company, \$3 million for the year ended October 31, 2006, \$12 million for the year ended October 31, 2007, \$15 million for the year ended November 2, 2008, \$9 million for the six months ended May 4, 2008 and \$4 million for the six months ended May 3, 2009. The following table presents the Company's share-based compensation expense recorded for the periods presented in the quarterly results (unaudited) above:

	Three Months Ended							
	July 31, 2007	October 31, 2007	February 3, 2008	May 4, 2008	August 3, 2008	November 2, 2008	February 1, 2009	May 3, 2009
	(in millions)							
Cost of products sold	\$	\$	\$	\$	\$	\$	\$	\$
Research and development			1		1	1	1	1
Selling, general and administrative		(1)	6	2	2	2	(1)	3
	\$	\$	(1)	\$	7	\$	2	\$
			\$	3	\$	3	\$	4

- (7) Includes expense recorded in connection with the advisory agreement with our equity sponsors of \$5 million for the year ended October 31, 2006, \$5 million for the year ended October 31, 2007, \$6 million for the year ended November 2, 2008, \$3 million for the six months ended May 4, 2008 and \$3 million for the six months ended May 3, 2009. The advisory fees under the advisory agreement are payable on a quarterly basis. Upon completion of this offering, the advisory agreement will be terminated pursuant to its terms and no further payments will be made following such termination. See also Use of Proceeds.

(8)

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Interest expense for the year ended October 31, 2006 includes an aggregate of \$30 million of amortization of debt issuance costs and commitment fees for expired credit facilities, including \$19 million of unamortized debt issuance costs that were written off in conjunction with the repayment of our term loan facility during this period. As of October 31, 2006, we had permanently repaid all outstanding amounts under our term loan facility.

(9) In October 2005, we sold our Storage Business to PMC-Sierra Inc. This transaction closed on February 28, 2006, resulting in \$420 million of net cash proceeds. No gain or loss was recorded on the sale.

In February 2006, we sold our Printer ASICs Business to Marvell Technology Group Ltd. for \$245 million in cash. Our agreement with Marvell also provides for up to \$35 million in additional earn-out payments by Marvell to us based solely on the achievement by Marvell of certain revenue targets in respect of the acquired business subsequent to the acquisition. This transaction closed on May 1, 2006 and no gain or loss was recorded on the initial sale. In April 2007, we received \$10 million of the earn-out payment from Marvell and recorded it as a gain on discontinued operations. In May 2008, we received \$25 million of the earn-out payment from Marvell and recorded it as a gain on discontinued operations.

In November 2006, we sold our Image Sensor operations to Micron Technology, Inc. for \$53 million. Our agreement with Micron also provides for up to \$17 million in additional earn-out payments by Micron to us upon the achievement of certain milestones. This transaction closed on December 8, 2006, resulting in \$57 million of net proceeds, including \$4 million of earn-out payments during the year ended October 31, 2007. In addition to this transaction, we also sold intellectual property rights related to the Image Sensor operations to another party for \$12 million. For these transactions, we recorded a gain on discontinued operations of approximately \$48 million during the three months ended January 31, 2007 and approximately \$2 million during the three months ended October 31, 2007.

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In October 2007, we sold our Infra-red operations to Lite-On Technology Corporation for \$19 million in cash and the right to receive guaranteed cost reductions or rebates based on our future purchases of non infra-red products from Lite-On. Under the agreement, we also agreed to a minimum purchase commitment of non Infra-red products over the next three years. This transaction closed in January 2008 resulting in a gain on discontinued operations of \$3 million for the first fiscal quarter of 2008. The transaction was subject to certain post-closing adjustments in accordance with the agreement. During the third fiscal quarter of 2008, we notified Lite-On that the first phase of planned cost reductions had not been achieved and requested that they issue a rebate of \$4.9 million. Subsequently, we entered into settlement discussions with Lite-On regarding the remaining sales price receivable and the cost reductions, and, based on the progress of those discussions, determined that certain amounts due would likely not be received. As such, we recorded an overall loss from disposal of Infra-red operations of \$5 million for fiscal year 2008. During the quarter ended February 1, 2009, we finalized a settlement agreement with Lite-On regarding the remaining sales price receivable and the cost reductions, resulting in no additional gain or loss.

(10) The balance sheet data is presented on an adjusted basis to reflect our sale of 21,500,000 shares in this offering, the issuance of 452,329 shares upon the exercise of options at a weighted average exercise price of \$4.73 per share by the selling shareholders for the purpose of selling shares in this offering, and our application of the estimated net proceeds from this offering after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. See Use of Proceeds.

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RISK FACTORS

Investing in our ordinary shares involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information in this prospectus, before deciding whether to invest in our ordinary shares. The occurrence of any of the following risks could harm our business, financial condition, results of operations or growth prospects. In that case, the trading price of our ordinary shares could decline, and you may lose all or part of your investment.

Risks Related to Our Business

The recent economic downturn and financial crisis has negatively affected and will continue to negatively affect our business, results of operations, and financial condition.

The current global recession and financial crisis has led to slower economic activity, increased unemployment, concerns about inflation and energy costs, decreased business and consumer confidence, reduced corporate profits and capital spending, adverse business conditions and lower levels of liquidity in many financial markets. Consumers and businesses have deferred purchases in response to tighter credit and negative financial news, which has in turn negatively affected product demand and other related matters. The global recession has led to reduced customer spending in the semiconductor market and in our target markets, made it difficult for our customers, our vendors and us to accurately forecast and plan future business activities, and has caused U.S. and foreign businesses to slow spending on our products. The continuation of this global recession and financial crisis will likely exacerbate these events and could lead to the insolvency of key suppliers resulting in product delays, limit the ability of customers to obtain credit to finance purchases of our products, lead to customer insolvencies, and also result in counterparty failures that may negatively impact our treasury operations. As a result, our business, financial condition and result of operations have been negatively affected and, if the downturn continues, could be materially adversely affected.

We operate in the highly cyclical semiconductor industry, which is subject to significant downturns.

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change and price erosion, evolving technical standards, short product life cycles (for semiconductors and for the end-user products in which they are used) and wide fluctuations in product supply and demand. From time to time, these and other factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry in general and in our business in particular. For example, according to the World Semiconductor Trade Statistics, in 2001, the global semiconductor market experienced a 32% decline and is expected to experience a 21.3% decline in 2009 due to the current economic downturn. Periods of industry downturns, including the current economic downturn, have been characterized by diminished demand for end-user products, high inventory levels, underutilization of manufacturing capacity, changes in revenue mix and accelerated erosion of average selling prices. In the current economic downturn, we have not been able to grow our revenues or reduce our costs quickly enough to maintain our operating profitability. The current economic downturn has had, and any future economic downturns could have, an adverse effect on our business, financial condition and results of operations.

If we do not adapt to technological changes in the semiconductor industry, we could lose customers or market share.

The semiconductor industry is subject to constant and rapid changes in technology, frequent new product introductions, short product life cycles, rapid product obsolescence and

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evolving technical standards. Technological developments may reduce the competitiveness of our products and require unbudgeted upgrades that could be expensive and time consuming to implement. Our products could become obsolete sooner than we expect because of faster than anticipated, or unanticipated, changes in one or more of the technologies related to our products. Furthermore, we continually evaluate expenditures for research and development and must choose among alternative technologies based on our expectations of future market growth and other factors. We may be unable to develop and introduce new or enhanced products that satisfy customer requirements and achieve market acceptance in a timely manner or at all, the technologies where we have focused our research and development expenditures may not become commercially successful, and we may be unable to anticipate new industry standards and technological changes. We also may not be able to respond successfully to new product announcements and introductions by competitors. If we fail to adapt successfully to technological changes or fail to obtain access to important new technologies, we may be unable to retain customers, attract new customers or sell new products to our existing customers.

Dependence on contract manufacturing and outsourcing other portions of our supply chain may adversely affect our ability to bring products to market and damage our reputation.

We operate a primarily outsourced manufacturing business model that principally utilizes third-party foundry and assembly and test capabilities. As a result, we are highly reliant on third-party foundry wafer fabrication and assembly and test capacity, including sole sourcing for many components or products. For certain of our product families, substantially all of our revenue is derived from semiconductors fabricated by external foundries such as Chartered Semiconductor Manufacturing Ltd. and Taiwan Semiconductor Manufacturing Company Ltd., or TSMC. We also use third-party contract manufacturers for a significant majority of our assembly and test operations, including Amertron Incorporated, Amkor Technology, and the Hana Microelectronics Public Company Ltd. group of companies. The ability and willingness of our contract manufacturers to perform is largely outside of our control. If one or more of our contract manufacturers or other outsourcers fails to perform its obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. For example, in the event that manufacturing capacity is reduced or eliminated at one or more facilities, including as a response by contract manufacturers to the recent worldwide decline in the semiconductor industry, manufacturing could be disrupted, we could have difficulties fulfilling our customer orders and our net revenue could decline. In addition, if these third parties on whom we are highly reliant fail to deliver quality products and components on time and at reasonable prices, we could have difficulties fulfilling our customer orders and our net revenue could decline. In such events, our business, financial condition and results of operations would be adversely affected.

To the extent we rely on third-party manufacturing relationships, we face the following risks:

inability of our manufacturers to develop manufacturing methods appropriate for our products and their unwillingness to devote adequate capacity to produce our products;

manufacturing costs that are higher than anticipated;

reduced control over product reliability;

more complicated supply chains;

inability to maintain continuing relationships with our suppliers;

time, expense and uncertainty in identifying and qualifying additional suppliers; and

reduced control over delivery schedules and products costs.

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Much of our outsourcing takes place in developing countries, and as a result may additionally be subject to geopolitical uncertainty. See Our business, financial condition and results of operations could be adversely affected by the political and economic conditions of the countries in which we conduct business and other factors related to our international operations.

A prolonged disruption of our manufacturing facilities could have a material adverse effect on our business, financial condition and results of operations.

Although we operate using a primarily outsourced manufacturing business model, we do rely on the manufacturing facilities we own, in particular our fabrication facilities in Fort Collins, Colorado and Singapore. We maintain our internal fabrication facilities for products utilizing our innovative materials and processes to protect our intellectual property and to develop the technology for manufacturing. A prolonged disruption or material malfunction of, interruption in or the loss of operations at one or more of our production facilities, especially our Fort Collins and Singapore facilities, or the failure to maintain our labor force at one or more of these facilities, would limit our capacity to meet customer demands and delay new product development until a replacement facility and equipment, if necessary, was found. The replacement of the manufacturing facility could take an extended amount of time before manufacturing operations could restart. The potential delays and costs resulting from these steps could have a material adverse effect on our business, financial condition and results of operations.

Unless we and our suppliers continuously improve manufacturing efficiency and quality, our financial performance could be adversely affected.

Manufacturing semiconductors involves highly complex processes that require advanced equipment. We and our suppliers, as well as our competitors, continuously modify these processes in an effort to improve yields and product performance. Defects or other difficulties in the manufacturing process can reduce yields and increase costs. Our manufacturing efficiency will be an important factor in our future financial performance, and we may be unable to maintain or increase our manufacturing efficiency to the same extent as our competitors. For products that we outsource manufacturing, our product yields and performance will be subject to the manufacturing efficiencies of our third-party suppliers.

From time to time, we and our suppliers have experienced difficulty in beginning production at new facilities, transferring production to other facilities, achieving and maintaining a high level of process quality and effecting transitions to new manufacturing processes, all of which have caused us to suffer delays in product deliveries or reduced yields. We and our suppliers may experience manufacturing problems in achieving acceptable yields or experience product delivery delays in the future as a result of, among other things, capacity constraints, construction delays, transferring production to other facilities, upgrading or expanding existing facilities or changing our process technologies, any of which could result in a loss of future revenues. Our results of operations could be adversely affected by any increase in costs related to increases in production capacity if revenues do not increase proportionately.

Winning business is subject to lengthy competitive selection processes that require us to incur significant expense. Even if we begin a product design, a customer may decide to cancel or change its product plans, which could cause us to generate no revenues from a product and adversely affect our results of operations.

We are focused on winning competitive bid selection processes, known as design wins, to develop semiconductors for use in our customers products. These selection processes are

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typically lengthy and can require us to incur significant design and development expenditures and dedicate scarce engineering resources in pursuit of a single customer opportunity. We may not win the competitive selection process and may never generate any revenue despite incurring significant design and development expenditures. These risks are exacerbated by the fact that many of our products will likely have very short life cycles. Failure to obtain a design win sometimes prevents us from offering an entire generation of a product. This can result in lost revenues and could weaken our position in future competitive selection processes.

After winning a product design, we may experience delays in generating revenue from our products as a result of the lengthy development cycle typically required. In addition, a delay or cancellation of a customer's plans could materially and adversely affect our financial results, as we may have incurred significant expense and generated no revenue. Finally, our customer's failure to successfully market and sell their products could reduce demand for our products and materially adversely affect our business, financial condition and results of operations.

Competition in our industry could prevent us from growing our revenue and from raising prices to offset increases in costs.

The global semiconductor market is highly competitive. We compete in different target markets to various degrees on the basis of quality, technical performance, price, product features, product system compatibility, system-level design capability, engineering expertise, responsiveness to customers, new product innovation, product availability, delivery timing and reliability, and customer sales and technical support. Current and prospective customers for our products evaluate our capabilities against the merits of our direct competitors. Some of our competitors are well established, have a more extensive product portfolio, have substantially greater market share and manufacturing, financial, research and development and marketing resources to pursue development, engineering, manufacturing, marketing and distribution of their products. In addition, many of our competitors have longer independent operating histories, greater presence in key markets, more comprehensive patent protection and greater name recognition. We compete with integrated device manufacturers, or IDMs, and fabless semiconductor companies as well as the internal resources of large, integrated OEMs. Our competitors range from large, international companies offering a wide range of semiconductor products to smaller companies specializing in narrow markets. We expect competition in the markets in which we participate to continue to increase as existing competitors improve or expand their product offerings. In addition, companies not currently in direct competition with us may introduce competing products in the future. Because our products are often building block semiconductors providing functions that in some cases can be integrated into more complex integrated circuits, or ICs, we also face competition from manufacturers of ICs, as well as customers that develop their own IC products. The competitive landscape is changing as a result of an increasing trend of consolidation within the industry, as some of our competitors have merged with or been acquired by other competitors while others have begun collaborating with each other. We expect this consolidation trend to continue.

Our ability to compete successfully depends on elements both within and outside of our control, including industry and general economic trends. During past periods of downturns in our industry, competition in the markets in which we operate intensified as manufacturers of semiconductors reduced prices in order to combat production overcapacity and high inventory levels. Many of our competitors have substantially greater financial and other resources with which to withstand similar adverse economic or market conditions in the future.

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Our operating results are subject to substantial quarterly and annual fluctuations.

Our revenues and operating results have fluctuated in the past and are likely to fluctuate in the future. These fluctuations may occur on a quarterly and annual basis and are due to a number of factors, many of which are beyond our control. These factors include, among others:

changes in end-user demand for the products manufactured and sold by our customers;

the timing of receipt, reduction or cancellation of significant orders by customers;

fluctuations in the levels of component inventories held by our customers;

the gain or loss of significant customers;

market acceptance of our products and our customers' products;

our ability to develop, introduce and market new products and technologies on a timely basis;

the timing and extent of product development costs;

new product announcements and introductions by us or our competitors;

incurrence of research and development and related new product expenditures;

seasonality or cyclical fluctuations in our markets;

currency fluctuations;

utilization of our internal manufacturing facilities;

fluctuations in manufacturing yields;

significant warranty claims, including those not covered by our suppliers;

availability and cost of raw materials from our suppliers;

changes in our product mix or customer mix;

intellectual property disputes;

loss of key personnel or the shortage of available skilled workers; and

the effects of competitive pricing pressures, including decreases in average selling prices of our products.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results. In addition, a significant amount of our operating expenses are relatively fixed in nature due to our significant sales, research and development and internal manufacturing overhead costs. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify the adverse impact of such revenue shortfall on our results of operations.

We may be unable to make the substantial and productive research and development investments which are required to remain competitive in our business.

The semiconductor industry requires substantial investment in research and development in order to develop and bring to market new and enhanced technologies and products. Many of our products originated with our research and development efforts and have provided us with a significant competitive advantage. During fiscal year 2008, we increased our research and development expenditures as compared to prior periods as part of our strategy of devoting focused research and development efforts on the development of innovative and sustainable product platforms. Although we have reduced research and development spending in

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connection with the current economic downturn, we are committed to investing in new product development in order to stay competitive in our markets and plan to invest in process development and maintain research and development fabrication capabilities in order to develop manufacturing processes for devices that are invented internally. We do not know whether we will have sufficient resources to maintain the level of investment in research and development required to remain competitive. In addition, we cannot assure you that the technologies where we have focused our research and development expenditures will become commercially successful.

Our business would be adversely affected by the departure of existing members of our senior management team or if our senior management team is unable to effectively implement our strategy.

Our success depends, in large part, on the continued contributions of our senior management team, in particular, the services of Mr. Hock E. Tan, our President and Chief Executive Officer. None of our senior management is bound by written employment contracts to remain with us for a specified period. In addition, we do not currently maintain key person life insurance covering our senior management. The loss of any of our senior management could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate.

If we are unable to attract, train and retain qualified personnel, especially our design and technical personnel, we may not be able to execute our business strategy effectively.

Our future success depends on our ability to retain, attract and motivate qualified personnel, including our management, sales and marketing, legal and finance, and especially our design and technical personnel. We do not know whether we will be able to retain all of these employees as we continue to pursue our business strategy. We and our Predecessor have historically encountered difficulties in hiring and retaining qualified engineers because there is a limited pool of engineers with expertise in analog and optoelectronic semiconductor design. Competition for such personnel is intense in the semiconductor industry. As the source of our technological and product innovations, our design and technical personnel represent a significant asset. The loss of the services of one or more of our key employees, especially our key design and technical personnel, or our inability to retain, attract and motivate qualified design and technical personnel, could have a material adverse effect on our business, financial condition and results of operations.

The enactment of legislation implementing changes in U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.

Recently several tax bills have been introduced to reform U.S. taxation of international business activities. The current Administration has made public statements indicating that it has made the issue a priority and key members of the U.S. Congress have conducted hearings and proposed legislation. Accordingly, depending on the final form of legislation enacted, if any, these consequences may be significant for us due to the large scale of our international business activities. If any of these proposals are enacted into legislation, they could have material adverse consequences on the amount of tax we pay and thereby on our financial position and results of operations.

We are subject to warranty claims, product recalls and product liability.

From time to time, we are subject to warranty or product liability claims that may lead to significant expenses as we defend such claims or pay damage awards. In the event of a

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warranty claim, we may also incur costs if we compensate the affected customer. We maintain product liability insurance, but such insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims. We may incur costs and expenses relating to a recall of one of our customers' products containing one of our devices. The process of identifying a recalled product in devices that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs, contract damage claims from our customers and reputational harm. Costs or payments made in connection with warranty and product liability claims and product recalls could materially affect our financial condition and results of operations.

The complexity of our products could result in unforeseen delays or expenses or undetected defects or bugs, which could adversely affect the market acceptance of new products, damage our reputation with current or prospective customers, and materially and adversely affect our operating costs.

Highly complex products such as the products that we offer, may contain defects and bugs when they are first introduced or as new versions are released. We have in the past experienced, and may in the future experience, these defects and bugs. If any of our products contain defects or bugs, or have reliability, quality or compatibility problems, we may not be able to successfully design workarounds. Consequently, our reputation may be damaged and customers may be reluctant to buy our products, which could materially and adversely affect our ability to retain existing customers, attract new customers, and our financial results. In addition, these defects or bugs could interrupt or delay sales to our customers. To resolve these problems, we may have to invest significant capital and other resources. Although our products are tested by our suppliers, our customers and ourselves, it is possible that our new products will contain defects or bugs. If any of these problems are not found until after we have commenced commercial production of a new product, we may be required to incur additional development costs and product recall, repair or replacement costs. These problems may also result in claims against us by our customers or others. In addition, these problems may divert our technical and other resources from other development efforts, we would likely lose, or experience a delay in, market acceptance of the affected product or products, and we could lose credibility with our current and prospective customers. As a result, our financial results could be materially and adversely affected.

Failure to adjust our supply chain volume due to changing market conditions or failure to estimate our customers demand could adversely affect our results of operations.

We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, levels of reliance on contract manufacturing and outsourcing, personnel needs and other resource requirements, based on our estimates of customer requirements. The short-term nature of commitments by many of our customers and the possibility of rapid changes in demand for their products reduces our ability to accurately estimate future customer requirements. Our results of operations could be harmed if we are unable to adjust our supply chain volume to address market fluctuations, including those caused by the seasonal or cyclical nature of the markets in which we operate. The sale of our products is dependent, to a large degree, on customers whose industries are subject to seasonal or cyclical trends in the demand for their products. For example, the consumer electronics market is particularly volatile and is subject to seasonality related to the holiday selling season, making demand difficult to anticipate. On occasion, customers may require rapid increases in production, which can challenge our resources and reduce margins. During a market upturn, we may not be able to purchase sufficient supplies or components, or secure sufficient contract manufacturing capacity, to meet increasing product demand, which could harm our reputation, prevent us from taking advantage of opportunities and reduce revenue growth. In addition,

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some parts are not readily available from alternate suppliers due to their unique design or the length of time necessary for design work. If one of our suppliers ceases to, or is unable to, manufacture such a component or supply is otherwise constrained, we may be forced to re-engineer a product or may fail to meet customer demand. In addition to discontinuing parts, suppliers may also extend lead times, limit supplies or increase prices due to capacity constraints or other factors.

In order to secure components for the production of products, we may continue to enter into non-cancelable purchase commitments with vendors or make advance payments to suppliers, which could reduce our ability to adjust our inventory or expense levels to declining market demands. Prior commitments of this type have resulted in an excess of parts when demand for our products has decreased. Downturns in the semiconductor industry have in the past caused, and may in the future cause, our customers to reduce significantly the amount of products ordered from us. If demand for our products is less than we expect, we may experience excess and obsolete inventories and be forced to incur additional charges. Because certain of our sales, research and development and internal manufacturing overhead expenses are relatively fixed, a reduction in customer demand may decrease our gross margins and operating income.

Our operating results and financial condition could be harmed if the markets into which we sell our products decline.

Visibility into our markets is limited. Just as we are experiencing in the current economic downturn, any decline in our customers markets would likely result in a reduction in demand for our products and make it more difficult to collect on outstanding amounts due us. For example, if the Asian market does not grow as anticipated or if the semiconductor market continues to decline, our results of operations will likely continue to suffer. In such an environment, pricing pressures could intensify and, if we were unable to respond quickly, could significantly reduce our gross margins. To the extent we cannot offset recessionary periods or periods of reduced growth that may occur in these markets through increased market share or otherwise, our net revenue may decline and our business, financial condition and results of operations may suffer. Pricing pressures and competition are especially intense in semiconductor-related industries, which could prevent achievement of our long-term financial goals and could require us to implement additional cost-cutting measures. Furthermore, projected industry growth rates may not be as forecasted, which could result in spending on process and product development well ahead of market requirements, which could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to claims of infringement of third-party intellectual property rights or demands that we license third-party technology, which could result in significant expense and loss of our intellectual property rights.

The semiconductor industry is characterized by companies holding large numbers of patents, copyrights, trademarks and trade secrets and by the vigorous pursuit, protection and enforcement of intellectual property rights. From time to time, third parties assert against us and our customers and distributors their patent, copyright, trademark, trade secret and other intellectual property rights to technologies that are important to our business. For example, on July 23, 2009, TriQuint Semiconductor, Inc. filed a complaint against us and certain of our subsidiaries in the U.S. District Court, District of Arizona seeking declaratory judgment that four of our patents relating to RF filter technology used in our wireless products are invalid and, if valid, that TriQuint's products do not infringe any of those patents. In addition, TriQuint claims that certain of our wireless products infringe three of its patents. TriQuint is seeking damages in an unspecified amount, treble

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damages for alleged willful infringement, attorneys fees and injunctive relief. We intend to defend this lawsuit vigorously, which actions may include the assertion by us of counterclaims or additional claims against TriQuint related to our intellectual property portfolio.

Claims that our products or processes infringe or misappropriate these rights, regardless of their merit or resolution, are frequently costly and divert the efforts and attention of our management and technical personnel. In addition, many of our customer agreements and in some cases our asset sale agreements require us to indemnify our customers or purchasers for third-party intellectual property infringement claims, which have in the past and may in the future require that we defend those claims and might require that we pay damages in the case of adverse rulings. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. We do not know whether we will prevail in such proceedings given the complex technical issues and inherent uncertainties in intellectual property litigation. If any pending or future proceedings result in an adverse outcome, we could be required to:

cease the manufacture, use or sale of the infringing products, processes or technology;

pay substantial damages for past, present and future use of the infringing technology;

expend significant resources to develop non-infringing technology;

license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;

enter into cross-licenses with our competitors, which could weaken our overall intellectual property portfolio;

lose the opportunity to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property against others;

indemnify customer or distributors;

pay substantial damages to our customers or end users to discontinue use or replace infringing technology with non-infringing technology; or

relinquish intellectual property rights associated with one or more of our patent claims, if such claims are held invalid or otherwise unenforceable.

Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

We utilize a significant amount of intellectual property in our business. If we are unable to protect our intellectual property, our business could be adversely affected.

Our success depends in part upon our ability to protect our intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including patents, mask works, copyrights, trademarks, service marks, trade secrets and similar intellectual property, as well as customary contractual protections with our customers, suppliers, employees and consultants, and through security measures to protect our trade secrets. We are unable to predict that:

any of the patents and pending patent applications that we presently employ in our business will not lapse or be invalidated, circumvented, challenged, abandoned or, in the case of third-party patents licensed or sub-licensed to us, be licensed to others;

our intellectual property rights will provide competitive advantages to us;

rights previously granted by third parties to intellectual property rights licensed or assigned to us, including portfolio cross-licenses, will not hamper our ability to assert our intellectual property rights against potential competitors or hinder the settlement of currently pending or future disputes;

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any of our pending or future patent applications will be issued or have the coverage originally sought;

our intellectual property rights will be enforced in certain jurisdictions where competition may be intense or where legal protection may be weak;

any of the trademarks, copyrights, mask work rights, trade secrets, know-how or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged, abandoned or licensed to others; or

any of our pending or future trademark or copyright applications will be issued or have the coverage originally sought. In addition, our competitors or others may develop products or technologies that are similar or superior to our products or technologies, duplicate our products or technologies or design around our protected technologies. Effective patent, trademark, copyright and trade secret protection may be unavailable or more limited in one or more relevant jurisdictions relative to those protections available in the United States, or may not be applied for in one or more relevant jurisdictions. Moreover, from time to time we pursue litigation to assert our intellectual property rights. An adverse decision in any of these legal actions could limit our ability to assert our intellectual property rights, limit the value of our technology or otherwise negatively impact our business, financial condition and results of operations.

We have a number of patent and intellectual property license agreements. Some of these license agreements require us to make one-time or periodic payments. We may need to obtain additional patent licenses or renew existing license agreements in the future. We are unable to predict whether these license agreements can be obtained or renewed on acceptable terms.

The demands or loss of one or more of our significant customers may adversely affect our business.

Some of our customers are material to our business and results of operations. In the six months ended May 3, 2009, no single customer accounted for 10% or more of our net revenue from continuing operations, and our top 10 customers, which included four distributors, collectively accounted for 59% of our net revenue from operations. During the fiscal year ended November 2, 2008, Avnet, Inc. accounted for 11% of our net revenue from continuing operations, and our top 10 customers, which included five distributors, collectively accounted for 54% of our net revenue from continuing operations. In addition, we believe that direct sales to Cisco Systems, Inc., when combined with indirect sales to Cisco through the contract manufacturers that Cisco utilizes, accounted for approximately 10% and 12% of our net revenues from continuing operations for the six months ended May 3, 2009 and the fiscal year ended November 2, 2008, respectively. We believe our top customers' purchasing power has given them the ability to make greater demands on their suppliers, including us. We expect this trend to continue, which we expect will result in our results of operations becoming increasingly sensitive to deterioration in the financial condition of, or other adverse developments related to, one or more of our significant customers. Although we believe that our relationships with our major customers are good, we generally do not have long-term contracts with any of them, which is typical of our industry. As a result, although our customers provide indications of their product needs and purchases on an annual basis, they generally purchase our products on a weekly or daily basis and the relationship, as well as particular orders, can be terminated at any time. The loss of any of our major customers, or any substantial reduction in sales to any of these customers, could have a material adverse effect on our business, financial condition and results of operations.

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We generally do not have any long-term supply contracts with our contract manufacturers or materials suppliers and may not be able to obtain the products or raw materials required for our business, which could have a material adverse affect on our business.

We either obtain the products we need for our business from third-party contract manufacturers or we obtain the materials we need for our products from suppliers. We purchase a significant portion of our semiconductor materials from a few suppliers. For the six months ended May 3, 2009, we purchased 52% of the materials for our manufacturing processes from eight suppliers. For the fiscal year ended November 2, 2008, we purchased 53% of the materials for our manufacturing processes from eleven suppliers. Substantially all of our purchases are on a purchase order basis, and we have not generally entered into long-term contracts with our contract manufacturers or suppliers. In the event that these purchase orders are terminated, we cannot obtain sufficient quantities of raw materials at reasonable prices, the quality of the material deteriorates, we fail to satisfy our customers requirements or we are not able to pass on higher materials costs to our customers, our business, financial condition and results of operations could be adversely impacted. For example, during fiscal year 2008, we have experienced an increase in our cost of products sold as a result of higher energy costs.

Our manufacturing processes rely on many materials, including silicon and GaAs wafers, copper lead frames, mold compound, ceramic packages and various chemicals and gases. From time to time, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors. Although we believe that our current supplies of materials are adequate, shortages could occur in various essential materials due to interruption of supply or increased demand in the industry.

We use third-party contractor manufacturers for most of our manufacturing activities, primarily for wafer fabrication and module assembly and test services. Our agreements with these manufacturers typically require us to forecast product needs, commit to purchase services consistent with these forecasts and may require other commitments in the early stages of the relationship. Our operations could be adversely affected in the event that these contractual relationships were disrupted or terminated, the cost of such services increased significantly, the quality of the services provided deteriorated, our forecasts proved to be materially incorrect or capacity is consumed by our competitors.

We rely on third parties to provide services necessary for the operation of our business. Any failure of one or more of our vendors to provide these services could have a material adverse effect on our business.

We rely on third-party vendors to provide critical services, including, among other things, certain services related to accounting, billing, human resources, information technology, or IT, network development and network monitoring. We depend on these vendors to ensure that our corporate infrastructure will consistently meet our business requirements. The ability of these third-party vendors to successfully provide reliable, high quality services is subject to technical and operational uncertainties that are beyond our control. While we may be entitled to damages if our vendors fail to perform under their agreements with us, our agreements with these vendors limit the amount of damages we may receive. In addition, we do not know whether we will be able to collect on any award of damages or that any such damages would be sufficient to cover the actual costs we would incur as a result of any vendor's failure to perform under its agreement with us. Any failure of our corporate infrastructure could have a material adverse effect on our business, financial condition and results of operations. Upon expiration or termination of any of our agreements with third-party vendors, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

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Our gross margin is dependent on a number of factors, including our level of capacity utilization.

Semiconductor manufacturing requires significant capital investment, leading to high fixed costs, including depreciation expense. Although we outsource a significant portion of our manufacturing activities, we do retain some semiconductor fabrication and assembly and test facilities. If we are unable to utilize our owned fabrication and assembly and test facilities at a high level, the fixed costs associated with these facilities will not be fully absorbed, resulting in higher average unit costs and lower gross margins. In the past, we and our Predecessor have experienced periods where our gross margins declined due to, among other things, reduced factory utilization resulting from reduced customer demand, reduced selling prices and a change in product mix towards lower margin devices. Increased competition and the existence of product alternatives, more complex engineering requirements, lower demand and other factors may lead to further price erosion, lower revenues and lower margins for us in the future.

Our business, financial condition and results of operations could be adversely affected by the political and economic conditions of the countries in which we conduct business and other factors related to our international operations.

We sell our products throughout the world. In addition, approximately 67% of our employees are located outside of the United States. Multiple factors relating to our international operations and to particular countries in which we operate could have a material adverse effect on our business, financial condition and results of operations. These factors include:

changes in political, regulatory, legal or economic conditions;

restrictive governmental actions, such as restrictions on the transfer or repatriation of funds and foreign investments and trade protection measures, including export duties and quotas and customs duties and tariffs;

disruptions of capital and trading markets;

changes in import or export licensing requirements;

transportation delays;

civil disturbances or political instability;

geopolitical turmoil, including terrorism, war or political or military coups;

changes in labor standards;

limitations on our ability under local laws to protect our intellectual property;

nationalization and expropriation;

changes in tax laws;

currency fluctuations, which may result in our products becoming too expensive for foreign customers; and

difficulty in obtaining distribution and support.

International conflicts are creating many economic and political uncertainties that are impacting the global economy. A continued escalation of international conflicts could severely impact our operations and demand for our products.

A majority of our products are produced and sourced in Asia, primarily in Singapore, Malaysia and Taiwan. Any conflict or uncertainty in these countries, including due to public

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health or safety concerns could have a material adverse effect on our business, financial condition and results of operations. In addition, if the government of any country in which our products are manufactured or sold sets technical standards for products manufactured in or imported into their country that are not widely shared, it may lead certain of our customers to suspend imports of their products into that country, require manufacturers in that country to manufacture products with different technical standards and disrupt cross-border manufacturing relationships which, in each case, could have a material adverse effect on our business, financial condition and results of operations.

In addition, our subsidiaries may require future equity-related financing, and any capital contributions to certain of our subsidiaries may require the approval of the relevant authorities in the jurisdiction in which the subsidiary is incorporated. The approvals are required from the investment commissions or similar agency of the particular jurisdiction and relate to any initial or additional equity investment by foreign entities in local corporations. Our failure to obtain the required approvals could have an adverse effect on our business, financial condition and results of operations.

We are subject to currency exchange risks that could adversely affect our operations.

Although a majority of our revenue and operating expenses is denominated in U.S. dollars, and we prepare our financial statements in U.S. dollars in accordance with GAAP, a portion of our revenue and operating expenses is in foreign currencies. As a result, we are subject to currency risks that could adversely affect our operations, including:

risks resulting from changes in currency exchange rates and the implementation of exchange controls; and

limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries.

Changes in exchange rates will result in increases or decreases in our costs and earnings, and may also affect the book value of our assets located outside the United States and the amount of our equity. Although we seek to minimize our currency exposure by engaging in hedging transactions where we deem it appropriate, we do not know whether our efforts will be successful.

If we suffer loss to our factories, facilities or distribution system due to catastrophe, our operations could be seriously harmed.

Our factories, facilities and distribution system, and those of our contract manufacturers, are subject to risk of catastrophic loss due to fire, flood, or other natural or man-made disasters. A number of our facilities and those of our contract manufacturers are located in areas with above average seismic activity. Any catastrophic loss to any of these facilities would likely disrupt our operations, delay production, shipments and revenue and result in significant expenses to repair or replace the facility. In particular, any catastrophic loss at our Fort Collins, Colorado and Singapore facilities would materially and adversely affect our business.

If the tax incentive arrangements we have negotiated with the Government of Singapore change or cease to be in effect, or if our assumptions and interpretations regarding tax laws and incentive arrangements prove to be incorrect, the amount of corporate income taxes we have to pay could significantly increase.

We have structured our operations to maximize the benefit from various tax incentives extended to us to encourage investment or employment, and to reduce our overall effective tax

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rate. We have obtained several tax incentives from the Singapore Economic Development Board, an agency of the Government of Singapore, which provide that certain classes of income we earn in Singapore are subject to tax holidays or reduced rates of Singapore income tax. Each tax incentive is separate and distinct from the others, and may be granted, withheld, extended, modified, truncated, complied with or terminated independently without any effect on the other incentives. In order to retain these tax benefits, we must meet certain operating conditions specific to each incentive relating to, among other things, maintenance of a treasury function, a corporate headquarters function, specified intellectual property activities and specified manufacturing activities in Singapore. Some of these operating conditions are subject to phase- in periods through 2015. The tax incentives are presently scheduled to expire at various dates generally between 2012 and 2015, subject in certain cases to potential extensions. Absent such tax incentives, the corporate income tax rate in Singapore is presently 17% commencing from the 2010 year of assessment. For the fiscal years ended October 31, 2006, October 31, 2007 and November 2, 2008, the effect of all these tax incentives, in the aggregate, was to reduce the overall provision for income taxes from what it otherwise would have been in such year by approximately \$19 million, \$19 million and \$24 million, respectively. If we cannot or elect not to comply with the operating conditions included in any particular tax incentive, we will lose the related tax benefits and could be required to refund material tax benefits previously realized by us with respect to that incentive and, depending on the incentive at issue, could likely be required to modify our operational structure and tax strategy. Any such modified structure may not be as beneficial to us from an income tax expense or operational perspective as the benefits provided under the present tax concession arrangements.

Our interpretations and conclusions regarding the tax incentives are not binding on any taxing authority, and if our assumptions about tax and other laws are incorrect or if these tax incentives are substantially modified or rescinded we could suffer material adverse tax and other financial consequences, which would increase our expenses, reduce our profitability and adversely affect our cash flows. In addition, taxable income in any jurisdiction is dependent upon acceptance of our operational practices and intercompany transfer pricing by local tax authorities as being on an arm's length basis. Due to inconsistencies in application of the arm's length standard among taxing authorities, as well as lack of adequate treaty-based protection, transfer pricing challenges by tax authorities could, if successful, substantially increase our income tax expense.

We may pursue acquisitions, dispositions, investments and joint ventures, which could affect our results of operations.

We have disposed of significant portions of the business originally acquired from Agilent through the sale of our Storage Business to PMC-Sierra, Inc. in February 2006, the sale of our Printer ASICs Business to Marvell Technology Group Ltd. in May 2006, the sale of our Image Sensor operations to Micron Technology, Inc. in December 2006, and the sale of our Infra-red operations to Lite-On Technology Corporation in January 2008. We may seek additional opportunities to maximize efficiency and value through various transactions, including purchases or sales of assets, businesses, investments or contractual arrangements. These transactions may be intended to result in the reduction of our indebtedness, the realization of cost savings, the generation of cash or income or the reduction of risk. These transactions may also affect our consolidated results of operations.

In 2007, we acquired the Polymer Optical Fiber, or POF, business from Infineon Technologies AG. In the first and second quarter of 2008, we completed acquisitions of a manufacturer of motion control encoders and a developer of low-power wireless devices, respectively. In August 2008, we acquired the Bulk Acoustic Wave Filter business of Infineon. In

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the second quarter of 2009, we acquired a manufacturer of motion control encoders. We expect to continue to make acquisitions of, and investments in, businesses that offer complementary products, services and technologies, augment our market coverage, or enhance our technological capabilities. We may also enter into strategic alliances or joint ventures to achieve these goals. We cannot assure you that we will be able to identify suitable acquisition, investment, alliance, or joint venture opportunities or that we will be able to consummate any such transactions or relationships on terms and conditions acceptable to us, or that such transactions or relationships will be successful.

These transactions or any other acquisitions or dispositions involve risks and uncertainties which may have a material adverse effect on our business. The integration of acquired businesses may not be successful and could result in disruption to other parts of our business. In addition, the integration may require that we incur significant restructuring charges. To integrate acquired businesses, we must implement our management information systems, operating systems and internal controls, and assimilate and manage the personnel of the acquired operations. The difficulties of the integrations may be further complicated by such factors as geographic distances, lack of experience operating in the geographic market or industry sector of the acquired business, delays and challenges associated with integrating the business with our existing businesses, diversion of management's attention from daily operations of the business, potential loss of key employees and customers of the acquired business, the potential for deficiencies in internal controls at the acquired business, performance problems with the acquired business technology, difficulties in entering markets in which we have no or limited direct prior experience, exposure to unanticipated liabilities of the acquired business, insufficient revenues to offset increased expenses associated with the acquisition, and our ability to achieve the growth prospects and synergies expected from any such acquisition. Even when an acquired business has already developed and marketed products, there can be no assurance that product enhancements will be made in a timely fashion or that all pre-acquisition due diligence will have identified all possible issues that might arise with respect to such acquired assets.

Any acquisition may also cause us to assume liabilities, acquire goodwill and non-amortizable intangible assets that will be subject to impairment testing and potential impairment charges, incur amortization expense related to certain intangible assets, increase our expenses and working capital requirements, and subject us to litigation, which would reduce our return on invested capital. Failure to manage and successfully integrate the acquisitions we make could materially harm our business and operating results.

Any future acquisitions may require additional debt or equity financing, which in the case of debt financing, will increase our exposures to risk related to our substantial indebtedness, increase our leverage and potentially affect our credit ratings, and in the case of equity financing, would be dilutive to our existing shareholders. Any downgrades in our credit ratings associated with an acquisition could adversely affect our ability to borrow by resulting in more restrictive borrowing terms. As a result of the foregoing, we also may not be able to complete acquisitions or strategic customer transactions in the future to the same extent as in the past, or at all. These and other factors could harm our ability to achieve anticipated levels of profitability at acquired operations or realize other anticipated benefits of an acquisition, and could adversely affect our business, financial condition and results of operations.

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Our business is subject to various governmental regulations, and compliance with these regulations may cause us to incur significant expenses. If we fail to maintain compliance with applicable regulations, we may be forced to recall products and cease their manufacture and distribution, and we could be subject to civil or criminal penalties.

Our business is subject to various significant international and U.S. laws and other legal requirements, including packaging, product content, labor and import/export regulations. These regulations are complex, change frequently and have generally become more stringent over time. We may be required to incur significant expenses to comply with these regulations or to remedy violations of these regulations. Any failure by us to comply with applicable government regulations could result in cessation of our operations or portions of our operations, product recalls or impositions of fines and restrictions on our ability to conduct our operations. In addition, because many of our products are regulated or sold into regulated industries, we must comply with additional regulations in marketing our products.

Our products and operations are also subject to the rules of industrial standards bodies, like the International Standards Organization, as well as regulation by other agencies, such as the U.S. Federal Communications Commission. If we fail to adequately address any of these rules or regulations, our business could be harmed.

We must conform the manufacture and distribution of our semiconductors to various laws and adapt to regulatory requirements in all countries as these requirements change. If we fail to comply with these requirements in the manufacture or distribution of our products, we could be required to pay civil penalties, face criminal prosecution and, in some cases, be prohibited from distributing our products in commerce until the products or component substances are brought into compliance.

We are subject to environmental, health and safety laws, which could increase our costs, restrict our operations and require expenditures that could have a material adverse affect on our results of operations and financial condition.

We are subject to a variety of international and U.S. laws and other legal requirements relating to the use, disposal, clean-up of and human exposure to, hazardous materials. Any failure by us to comply with environmental, health and safety requirements could result in the limitation or suspension of production or subject us to future liabilities in excess of our reserves. In addition, compliance with environmental, health and safety requirements could restrict our ability to expand our facilities or require us to acquire costly pollution control equipment, incur other significant expenses or modify our manufacturing processes. In the event of the discovery of new contamination, additional requirements with respect to existing contamination, or the imposition of other cleanup obligations for which we are responsible, we may be required to take remedial or other measures which could have a material adverse effect on our business, financial condition and results of operations.

We also face increasing complexity in our product design and procurement operations as we adjust to new requirements relating to the materials composition of our products, including the restrictions on lead and certain other substances in electronics that apply to specified electronics products sold in the European Union as of July 1, 2006 under the Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive. Other countries, such as the United States, China and Japan, have enacted or may enact laws or regulations similar to the EU legislation. Other environmental regulations may require us to reengineer our products to utilize components which are more environmentally compatible. Such reengineering and component substitution may result in excess inventory or other additional costs and could have a material adverse effect on our results of operations.

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In addition to the costs of complying with environmental, health and safety requirements, we may in the future incur costs defending against environmental litigation brought by government agencies and private parties. We may be defendants in lawsuits brought by parties in the future alleging environmental damage, personal injury or property damage. A significant judgment against us could harm our business, financial condition and results of operations.

In the last few years, there has been increased media scrutiny and associated reports focusing on a potential link between working in semiconductor manufacturing clean room environments and certain illnesses, primarily different types of cancers. Regulatory agencies and industry associations have begun to study the issue to see if any actual correlation exists. Because we utilize clean rooms, we may become subject to liability claims. In addition, these reports may also affect our ability to recruit and retain employees.

We cannot predict:

changes in environmental or health and safety laws or regulations;

the manner in which environmental or health and safety laws or regulations will be enforced, administered or interpreted;

our ability to enforce and collect under indemnity agreements and insurance policies relating to environmental liabilities;
or

the cost of compliance with future environmental or health and safety laws or regulations or the costs associated with any future environmental claims, including the cost of clean-up of currently unknown environmental conditions.

We may not realize the expected benefits of our recent restructuring activities and other initiatives designed to reduce costs and increase revenue across our operations.

We recently have pursued a number of restructuring initiatives designed to reduce costs and increase revenue across our operations. These initiatives included significant workforce reductions in certain areas as we realigned our business. Additional initiatives included establishing certain operations closer in location to our global customers, evaluating functions more efficiently performed through partnerships or other outside relationships and steps to attempt to further reduce our overhead costs. We are also exploring opportunities to leverage our technology and diversified product portfolio to increase revenue. These initiatives have been substantial in scope and disruptive to some of our historical operations. We may not realize the expected benefits of these new initiatives. As a result of these initiatives, we have incurred restructuring or other infrequent charges and we may in the future experience disruptions in our operations, loss of key personnel and difficulties in delivering products timely. In the six months ended May 3, 2009 and the year ended November 2, 2008, we incurred restructuring charges of \$17 million and \$12 million, respectively, consisting primarily of employee severance and related costs resulting from a reduction in our workforce.

We are subject to risks associated with our distributors product inventories and product sell-through.

We sell many of our products to customers through distributors who maintain their own inventory of our products for sale to dealers and end users. We recognize revenues for sales to distributors upon delivery to the distributor. We limit distributor return rights and we allow limited price adjustments on sales to distributors. We provide reserves for distributor rights related to these limited stock returns and price adjustments. Sales to distributors accounted for 38% and 35% of our net revenue from continuing operations for the six months ended May 4, 2008 and May 3, 2009, respectively.

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If these distributors are unable to sell an adequate amount of their inventory of our products in a given quarter to dealers and end users or if they decide to decrease their inventories for any reason, such as due to the current global recession or due to any downturn in technology spending, our sales to these distributors and our revenues may decline. In addition, if distributors decide to purchase more inventory in any particular quarter, due to product availability or other reasons, than is required to satisfy end customer demand, inventory at our distributors may grow in such quarter, which could adversely affect our product revenues in a subsequent quarter as such distributors will likely reduce future orders until their inventory levels realign with end customer demand. For example, during the six months ended May 3, 2009, the semiconductor industry experienced a significant decline in demand. Consequently, our distributors experienced declines in their resales of our products and were carrying a higher level of inventories of our products than historical levels at the end of the first fiscal quarter of 2009. As a result, our distributors decided to reduce their inventory of our products during the second fiscal quarter of 2009 and we also reduced our own inventory by \$27 million or 15%.

We also face the risk that our distributors may for other reasons have inventory levels in excess of future anticipated sales. If such sales do not occur in the time frame anticipated by these distributors for any reason, these distributors may substantially decrease the amount of product they order from us in subsequent periods, which would harm our business.

Our reserve estimates associated with products stocked by our distributors are based largely on reports that our distributors provide to us on a monthly basis. To date, we believe this data has been generally accurate. To the extent that this resale and channel inventory data is inaccurate or not received in a timely manner, we may not be able to make reserve estimates for future periods accurately or at all.

We rely on third-party distributors and manufacturers representatives and the failure of these distributors and manufacturers representatives to perform as expected could reduce our future sales.

We sell many of our products to customers through distributors and manufacturers representatives. We are unable to predict the extent to which our distributors and manufacturers representatives will be successful in marketing and selling our products. Moreover, many of our distributors and manufacturers representatives and distributors also market and sell competing products. Our representatives and distributors may terminate their relationships with us at any time. Our future performance will also depend, in part, on our ability to attract additional distributors or manufacturers representatives that will be able to market and support our products effectively, especially in markets in which we have not previously distributed our products. If we cannot retain our current distributors or manufacturers representatives or recruit additional or replacement distributors or manufacturers representatives, our sales and operating results will be harmed.

The average selling prices of products in our markets have historically decreased rapidly and will likely do so in the future, which could harm our revenues and gross profits.

The products we develop and sell are used for high volume applications. As a result, the prices of those products have historically decreased rapidly. We expect that our gross profits on our products are likely to decrease over the next fiscal year below levels we have historically experienced due to pricing pressures from our customers, and an increase in sales of wireless and other products into consumer application markets, which are highly competitive and cost sensitive. In the past, we have reduced the average selling prices of our products in anticipation of future competitive pricing pressures, new product introductions by us or our competitors and other factors. Our gross profits and financial results will suffer if we are unable to offset any

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reductions in our average selling prices by increasing our sales volumes, reducing manufacturing costs, or developing new and higher value-added products on a timely basis.

We will be required to assess our internal control over financial reporting on an annual basis and any future adverse findings from such assessment could result in a loss of investor confidence in our financial reports, significant expenses to remediate any internal control deficiencies and ultimately have an adverse effect on our share price.

We will comply with Section 404(a) (management's report on financial reporting) under the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, for the fiscal year ending November 1, 2009, and will comply with Section 404(b) (auditor's attestation) no later than the fiscal year ending October 31, 2010. We cannot assure you that our compliance with Section 404 will not result in significant additional expenditures. We will be required to disclose, among other things, control deficiencies that constitute a material weakness. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. If we fail to implement the requirements of Section 404 in a timely manner, we might be subject to sanctions or investigation by regulatory agencies such as the SEC. In addition, failure to comply with Section 404 or the disclosure by us of a material weakness may cause investors to lose confidence in our financial statements and the trading price of our ordinary shares may decline.

If we fail to remedy any material weakness, our financial statements may be inaccurate, our ability to report our financial results on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, the trading price of our ordinary shares may decline, and we may be subject to sanctions or investigation by regulatory authorities, including the SEC or the Nasdaq Stock Market. We may also be required to restate our financial statements from prior periods.

Our substantial indebtedness could adversely affect our financial health and our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate indebtedness and prevent us from fulfilling our obligations under our indebtedness.

The following table presents our long-term indebtedness and capital lease obligations as of May 3, 2009:

	As of May 3, 2009 (in millions)
10 1/8% senior notes due 2013	403
Senior floating rate notes due 2013	50
11 7/8% senior subordinated notes due 2015	247
Long-term obligation for capital leases	4
Total long-term indebtedness and capital lease obligations	\$ 704

In addition, we had \$17 million of letters of credit outstanding under our revolving credit facility.

Subject to restrictions in the indentures governing our 10 1/8% senior notes, senior floating rate notes and 11 7/8% senior subordinated notes, generally referred to in this prospectus collectively as our outstanding notes, and our senior credit agreement, we may incur additional indebtedness. Furthermore, borrowings under our senior credit agreement are secured by

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substantially all of our assets. For more information on our outstanding indebtedness, see Description of Indebtedness elsewhere in this prospectus.

Our substantial indebtedness could have important consequences including:

making it more difficult for us to satisfy our obligations with respect to our outstanding notes, including our repurchase obligations;

increasing our vulnerability to adverse general economic and industry conditions;

requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts, execution of our business strategy and other general corporate purposes;

limiting our flexibility in planning for, or reacting to, changes in the economy and the semiconductor industry;

placing us at a competitive disadvantage compared to our competitors with less indebtedness;

exposing us to interest rate risk to the extent of our variable rate indebtedness;

limiting our ability to, or increasing the costs to, refinance indebtedness; and

making it more difficult to borrow additional funds in the future to fund working capital, capital expenditures and other purposes.

Any of the foregoing could materially and adversely affect our business, financial conditions and results of operations.

The indentures governing our outstanding notes and our senior credit agreement impose significant restrictions on our business.

The indentures governing our outstanding notes and the senior credit agreement contain a number of covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. The restrictions placed on us include limitations on our ability and the ability of our subsidiaries to:

incur additional indebtedness and issue ordinary or preferred shares;

pay dividends or make other distributions on, redeem or repurchase our shares or make other restricted payments;

make investments, acquisitions, loans or advances;

incur or create liens;

transfer or sell certain assets;

engage in sale and lease back transactions;

declare dividends or make other payments to us;

guarantee indebtedness;

engage in transactions with affiliates; and

consolidate, merge or transfer all or substantially all of our assets.

In addition, over a specified limit, our senior credit agreement requires us to meet a financial ratio test and restricts our ability to make capital expenditures or prepay certain other

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indebtedness. Our ability to meet the financial ratio test may be affected by events beyond our control, and we do not know whether we will be able to maintain this ratio.

The foregoing restrictions could limit our ability to plan for, or react to, changes in market conditions or our capital needs. We do not know whether we will be granted waivers under, or amendments to, our senior credit agreement or the indentures if for any reason we are unable to meet these requirements, or whether we will be able to refinance our indebtedness on terms acceptable to us, or at all.

The breach of any of these covenants or restrictions could result in a default under the indentures governing our outstanding notes or our senior credit agreement. In addition, our senior credit agreement and our indentures contain cross-default provisions which could thereby result in an acceleration of amounts outstanding under all those debt instruments if certain events of default occur under any of them. If we are unable to repay these amounts, lenders having secured obligations, including the lenders under our senior credit agreement, could proceed against the collateral securing that debt. Any of the foregoing would have a material adverse effect on our business, financial condition and results of operations. For more information on our outstanding indebtedness, see Description of Indebtedness elsewhere in this prospectus.

Risks Relating to Investments in Singapore Companies

It may be difficult to enforce a judgment of U.S. courts for civil liabilities under U.S. federal securities laws against us, our directors or officers in Singapore.

We are incorporated under the laws of the Republic of Singapore, and certain of our officers and directors are or will be residents outside the United States. Moreover, a majority of our consolidated assets are located outside the United States. Although we are incorporated outside the United States, we have agreed to accept service of process in the United States through our agent designated for that purpose. Nevertheless, since a majority of the consolidated assets owned by us are located outside the United States, any judgment obtained in the United States against us may not be collectible within the United States.

There is no treaty between the United States and Singapore providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters and a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would, therefore, not be automatically enforceable in Singapore. There is doubt whether a Singapore court may impose civil liability on us or our directors and officers who reside in Singapore in a suit brought in the Singapore courts against us or such persons with respect to a violation solely of the federal securities laws of the United States, unless the facts surrounding such a violation would constitute or give rise to a cause of action under Singapore law. Consequently, it may be difficult for investors to enforce against us, our directors or our officers in Singapore judgments obtained in the United States which are predicated upon the civil liability provisions of the federal securities laws of the United States.

We are incorporated in Singapore and our shareholders may have more difficulty in protecting their interest than they would as shareholders of a corporation incorporated in the United States.

Our corporate affairs are governed by our memorandum and articles of association and by the laws governing corporations incorporated in Singapore. The rights of our shareholders and the responsibilities of the members of our board of directors under Singapore law are different

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from those applicable to a corporation incorporated in the United States. Therefore, our public shareholders may have more difficulty in protecting their interest in connection with actions taken by our management, members of our board of directors or our controlling shareholder than they would as shareholders of a corporation incorporated in the United States. For example, controlling shareholders in U.S. corporations are subject to fiduciary duties while controlling shareholders in Singapore corporations are not subject to such duties. Please see [Comparison of Shareholder Rights](#) for a discussion of differences between Singapore and Delaware corporation law.

For a limited period of time, our directors have general authority to allot and issue new shares on terms and conditions and with any preferences, rights or restrictions as may be determined by our board of directors in its sole discretion.

Under Singapore law, we may only allot and issue new shares with the prior approval of our shareholders in a general meeting. At our 2009 annual general meeting of shareholders, our shareholders provided our directors with the general authority to allot and issue any number of new shares (whether as ordinary shares or preference shares) until the earlier of (i) the conclusion of our 2010 annual general meeting, (ii) the expiration of the period within which the next annual general meeting is required to be held (i.e., within 15 months from the conclusion of the last general meeting) or (iii) the subsequent revocation or modification of such general authority by our shareholders acting at a duly noticed and convened meeting. Subject to the general authority to allot and issue new shares provided by our shareholders, the provisions of the Singapore Companies Act and our memorandum and articles of association, our board of directors may allot and issue new shares on terms and conditions and with the rights (including preferential voting rights) and restrictions as they may think fit to impose. Any additional issuances of new shares by our directors may adversely impact the market price of our ordinary shares.

Risks Relating to Owning Our Ordinary Shares

Control by principal shareholders could adversely affect our other shareholders.

When this offering is completed, our executive officers, directors and greater than 5% shareholders, collectively, will beneficially own approximately 81% of our ordinary shares (based on the number of ordinary shares outstanding as of May 3, 2009 and excluding shares issuable upon exercise of outstanding options other than options exercised by selling shareholders for the purpose of selling shares in this offering), assuming no exercise of the underwriters' option to purchase additional shares. In addition, pursuant to the terms of our Second Amended and Restated Shareholder Agreement, which we refer to in this prospectus as the Shareholder Agreement, investment funds affiliated with Kohlberg Kravis Roberts & Co., or KKR, and investment funds affiliated with Silver Lake Partners, or Silver Lake, and together with KKR, the Sponsors, or their respective affiliates, and Seletar Investments Pte Ltd, or Seletar, can elect their respective designees to serve as members of our board of directors. These shareholders will have a continuing ability to control our board of directors and will continue to have significant influence over our affairs for the foreseeable future, including controlling the election of directors and significant corporate transactions, such as a merger or other sale of our company or our assets. In addition, under the controlled company exception to the independence requirements of the Nasdaq Stock Market, we will be exempt from the rules of the Nasdaq Stock Market that require that our board of directors be comprised of a majority of independent directors, that our compensation committee be comprised solely of independent directors and that our nominating and governance committee be comprised solely of independent directors. This concentrated control will limit the ability of other shareholders to influence corporate matters and, as a result, we may take actions that our non-Sponsor shareholders do not view as beneficial. For example, this concentration of ownership could have the effect of delaying or preventing a change in

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control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could cause the market price of our ordinary shares to decline or prevent our shareholders from realizing a premium over the market price for their ordinary shares.

Our share price may be volatile and you may be unable to sell your shares at or above the offering price.

The initial public offering price for our shares was determined by negotiations between us and representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. The market price of our ordinary shares could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

actual or anticipated fluctuations in our financial condition and operating results;

overall conditions in the semiconductor market;

addition or loss of significant customers;

changes in laws or regulations applicable to our products;

actual or anticipated changes in our growth rate relative to our competitors;

announcements of technological innovations by us or our competitors;

announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;

additions or departures of key personnel;

competition from existing products or new products that may emerge;

issuance of new or updated research or reports by securities analysts;

fluctuations in the valuation of companies perceived by investors to be comparable to us;

disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain intellectual property protection for our technologies;

announcement of, or expectation of additional financing efforts;

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sales of our ordinary shares by us or our shareholders;

share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;

the expiration of contractual lock-up agreements with our executive officers, directors and greater than 5% shareholders;
and

general economic and market conditions.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our ordinary shares. If the market price of our ordinary shares after this offering does not exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

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No public market for our ordinary shares currently exists and an active trading market may not develop or be sustained following this offering.

Prior to this offering, there has been no public market for our ordinary shares. An active trading market may not develop following the completion of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our ordinary shares will depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Future sales of our ordinary shares in the public market could cause our share price to fall.

Sales of a substantial number of our ordinary shares in the public market after this offering, or the perception that these sales might occur, could depress the market price of our ordinary shares and could impair our ability to raise capital through the sale of additional equity securities. Based on the number of ordinary shares outstanding as of May 3, 2009, upon completion of this offering, we will have 235,888,203 ordinary shares outstanding, assuming no exercise of our outstanding options other than those options exercised by selling shareholders for the purpose of selling shares in this offering.

All of the ordinary shares sold in this offering will be freely tradable without restrictions or further registration under the Securities Act, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act. The remaining 192,688,203 ordinary shares outstanding after this offering, based on shares outstanding as of May 3, 2009, will be restricted as a result of securities laws, lock-up agreements or other contractual restrictions that restrict transfers for at least 180 days after the date of this prospectus, subject to certain extensions. 189,454,769 shares are subject to the contractual transfer restrictions in our Second Amended and Restated Shareholder Agreement, which is described under **Certain Relationships and Related Party Transactions** Amended and Restated Shareholder Agreement **Transfer Restrictions**. An aggregate of 2,045,399 shares held by members of our board of directors and employees who are party to a management shareholders agreement are subject to transfer restrictions, subject to certain exceptions, until the fifth anniversary of the date of purchase or, in the case of shares purchased upon exercise of options, the date of grant of the option. These shares are currently scheduled to be released from such transfer restrictions as follows: 543,718 shares in 2010, 1,490,792 shares in 2011, no shares in 2012, and 10,889 shares in 2013. These remaining shares will generally become available for sale subject to compliance with applicable securities laws or upon expiration of these lock-up agreements or other contractual restrictions.

The underwriters may, in their sole discretion, release all or some portion of the shares subject to lock-up agreements prior to expiration of the lock-up period. See **Shares Eligible for Future Sale** elsewhere in this prospectus.

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After this offering, the holders of 191,350,167 ordinary shares, or 81% based on shares outstanding as of May 3, 2009, will be entitled to rights with respect to registration of such shares under the Securities Act pursuant to a registration rights agreement. See Certain Relationships and Related Party Transactions Registration Rights Agreement elsewhere in this prospectus. In addition, upon exercise of outstanding options by our executive officers and certain other employees, our executive officers and those other employees will be entitled to rights with respect to registration of the ordinary shares acquired on exercise. If such holders, by exercising their registration rights, sell a large number of shares, they could adversely affect the market price for our ordinary shares. If we file a registration statement for the purposes of selling additional shares to raise capital, and are required to include shares held by these holders pursuant to the exercise of their registration rights, our ability to raise capital may be impaired. We intend to file a registration statement on Form S-8 under Securities Act to register approximately 54 million shares for issuance under our Amended and Restated Equity Incentive Plan for Executive Employees of Avago Technologies Limited and Subsidiaries, Amended and Restated Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and Subsidiaries and 2009 Equity Incentive Award Plan. Once we register these shares, they can be freely sold in the public market upon issuance and once vested, subject to a 180-day lock-up period and other restrictions provided under the terms of the Management Shareholders Agreement, the applicable plan and/or the option agreements entered into with option holders.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, listing requirements of the Nasdaq Stock Market and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations. Although we have already hired additional staff to comply with these requirements, we may need to hire more employees in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to

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ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

Singapore corporate law may impede a takeover of our company by a third-party, which could adversely affect the value of our ordinary shares.

The Singapore Code on Take-overs and Mergers contains provisions that may delay, deter or prevent a future takeover or change in control of our company for so long as we remain a public company with more than 50 shareholders and net tangible assets of S\$5 million or more. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on their own or together with parties acting in concert with such person, in 30% or more of our voting shares, or, if such person holds, either on their own or together with parties acting in concert with such person, between 30% and 50% (both inclusive) of our voting shares, and such person (or parties acting in concert with such person) acquires additional voting shares representing more than 1% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a mandatory takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers. While the Singapore Code on Take-overs and Mergers seeks to ensure equality of treatment among shareholders, its provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our company. These legal requirements may impede or delay a takeover of our company by a third-party, which could adversely affect the value of our ordinary shares.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our ordinary shares and do not intend to pay any cash dividends in the foreseeable future. The payment of cash dividends on ordinary shares is restricted under the terms of the agreements governing our indebtedness. In addition, because we are a holding company, our ability to pay cash dividends on our ordinary shares may be limited by restrictions on our ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the terms of the agreements governing our indebtedness. We anticipate that we will retain all of our future earnings for use in the development of our business, in reducing our indebtedness and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their ordinary shares after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as believe, expect, may, will, should, seek, approximately, intend, plan, estimate, or anticipate or similar expressions that concern our strategy, plans or intentions. All statements we make relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations are disclosed under Risk Factors and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. Some of the factors that we believe could affect our results include:

the overall condition of the highly cyclical semiconductor industry, including the impact of the current significant economic downturn;

adaptation to technological changes in the semiconductor industry;

dependence on contract manufacturing and outsourced supply chain;

prolonged disruptions of our manufacturing facilities;

manufacturing efficiency and product quality, including potential warranty claims and product recalls;

competition in the markets in which we serve;

quarterly and annual fluctuations;

investments in research and development;

departure of key senior managers and the ability to retain and attract key personnel;

changes in tax laws;

protection and enforcement of our intellectual property rights;

loss of one or more of our significant customers;

our reliance on third parties to provide services for the operation of our business;

risks relating to the transaction of business internationally;

the effects of war, terrorism, natural disasters or other catastrophic events;

the integration of acquired businesses, the performance of acquired businesses and the prospects for future acquisitions;

our substantial indebtedness;

currency fluctuations;

certain covenants in our debt documents; and

the other factors set forth under Risk Factors.

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We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this prospectus may not in fact occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

ENFORCEMENT OF CIVIL LIABILITIES UNDER UNITED STATES FEDERAL SECURITIES LAWS

We are incorporated under the laws of the Republic of Singapore, and certain of our officers and directors are or will be residents outside the United States. Moreover, a majority of our consolidated assets are located outside the United States. Although we are incorporated outside the United States, we have agreed to accept service of process in the United States through our agent designated for that purpose. Nevertheless, since a majority of the consolidated assets owned by us are located outside the United States, any judgment obtained in the United States against us may not be collectible within the United States. There is no treaty between the United States and Singapore providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters and a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would, therefore, not be automatically enforceable in Singapore. There is doubt whether a Singapore court may impose civil liability on us or our directors and officers who reside in Singapore in a suit brought in the Singapore courts against us or such persons with respect to a violation solely of the federal securities laws of the United States, unless the facts surrounding such a violation would constitute or give rise to a cause of action under Singapore law. Consequently, it may be difficult for investors to enforce against us, our directors or our officers in Singapore judgments obtained in the United States which are predicated upon the civil liability provisions of the federal securities laws of the United States.

INDUSTRY AND MARKET DATA

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research as well as from industry publications and research, surveys and studies conducted by third parties. Industry publications, research, surveys and studies generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that such publications, research, surveys and studies are reliable, we have not independently verified industry, market and competitive position data from third-party sources. While we believe our internal business research is reliable and market definitions are appropriate, neither such research nor these definitions have been verified by any independent source.

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USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately \$297 million from the sale by us of the ordinary shares offered in this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We will also receive in the aggregate approximately \$2 million from selling shareholders who will pay to us the exercise price for options exercised by them for the purpose of selling shares in this offering. Otherwise, we will not receive any proceeds from the ordinary shares to be offered by the selling shareholders, although we will pay the expenses, other than underwriting discounts and commissions, associated with the sale of those ordinary shares pursuant to the Registration Rights Agreement described under Certain Relationships and Related Party Transactions Registration Rights Agreement. The selling shareholders include members of our senior management and entities affiliated with directors of our company. Bali Investments S.à.r.l, an entity controlled by KKR and Silver Lake, is our controlling shareholder and is a selling shareholder in this offering. See Principal and Selling Shareholders.

As described in more detail below, we currently intend to use the net proceeds of this offering for the following purposes and in the following amounts:

approximately \$53 million will be paid to our equity sponsors (Kohlberg Kravis Roberts & Co., L.P. and Silver Lake Management Company, L.L.C.) in connection with the termination of our advisory agreement pursuant to its terms (with one-half payable to each equity sponsor); and

approximately \$246 million will be used to repay a portion of our long-term indebtedness, which consists of our senior floating rate notes due 2013 (of which, as of May 3, 2009, there was approximately \$50 million principal amount outstanding), our 10¹/₈% senior notes due 2013 (of which, as of May 3, 2009, there was approximately \$403 million principal amount outstanding), and our 11⁷/₈% senior subordinated notes due 2015 (of which, as of May 3, 2009, there was approximately \$247 million principal amount outstanding), including approximately \$10 million of estimated prepayment premiums. The selection of which series of notes, the amounts to be repaid within a particular series, the timing of repayment and the particular method by which we effect repayment, which could include redemption calls, open market purchases, privately negotiated transactions or tender offers, or some combination thereof, have not yet been determined and will depend, among other things, on market conditions.

Interest on our senior floating rate notes due 2013 is calculated at a rate of three-month London Interbank Offered Rate, or LIBOR, plus 5.5%. As of May 3, 2009, the interest rate on such notes was 6.76%.

KKR Capital Markets LLC, one of the underwriters for this offering, is an affiliate of:

Kohlberg Kravis & Roberts & Co., L.P., one of our equity sponsors, which will receive approximately \$28 million of the proceeds from this offering in connection with the termination of our advisory agreement pursuant to its terms, which includes an amount equal to 0.5% of the proceeds to us from this offering as specified in the Advisory Agreement (see Certain Relationships and Related Party Transactions Advisory Agreement), and

an investment advisor that manages certain funds and accounts, which hold \$10 million principal amount of our senior floating rate notes, \$20 million principal amount of our senior notes and \$52 million principal amount of our senior subordinated notes, some or all of which may be retired with a portion of the net proceeds from this offering (see Underwriting Relationships/FINRA Rules).

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Until we use the net proceeds of this offering, we intend to invest the net proceeds in short-term, interest-bearing, investment-grade securities. We cannot predict whether the proceeds invested will yield a favorable return.

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DIVIDEND POLICY

We currently do not plan to declare dividends on our ordinary shares in the foreseeable future. The payment of cash dividends on ordinary shares is restricted under the terms of the agreements governing our indebtedness. In addition, because we are a holding company, our ability to pay cash dividends on our ordinary shares may be limited by restrictions on our ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the terms of the agreements governing our indebtedness. Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, capital requirements, contractual restrictions, our overall financial condition and any other factors deemed relevant by our board of directors. In addition, pursuant to Singapore law and our articles of association, no dividends may be paid except out of our profits.

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of May 3, 2009:

on an actual basis; and

on an as adjusted basis to reflect our receipt of the estimated net proceeds from the sale by us in this offering of 21,500,000 ordinary shares, the issuance of 452,329 shares upon the exercise of options by the selling shareholders at a weighted average exercise price of \$4.73 per share, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us and the application of such net proceeds as described under Use of Proceeds.

You should read this table together with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes appearing elsewhere in this prospectus.

	As of May 3, 2009	
	Actual	As Adjusted (unaudited)
	(in millions, except share data)	
Total long-term debt and capital lease obligations	\$ 704	\$ 468
Shareholders' equity:		
Ordinary shares, no par value, 213,935,874 issued and outstanding, actual; 235,888,203 shares issued and outstanding, as adjusted	1,086	1,388
Accumulated deficit	(337)	(403)
Accumulated other comprehensive income	9	9
Total shareholders' equity	758	994
Total capitalization	\$ 1,462	\$ 1,462

The number of as adjusted ordinary shares shown as issued and outstanding in the table is based on the number of our ordinary shares outstanding as of May 3, 2009 plus (1) the 21,500,000 shares to be sold by us in this offering and (2) 452,329 shares that will be issued upon exercise of options held by selling shareholders for the purpose of selling shares in this offering.

As of May 3, 2009, we had 213,935,874 shares outstanding, excluding:

21,767,164 ordinary shares issuable upon the exercise of options outstanding under our Executive Plan and Senior Management Plan as of May 3, 2009 at a weighted average exercise price of \$7.49 per share, including 392,442 shares that will be issued upon the exercise of options with a weighted average exercise price of \$4.69 per share by selling shareholders and sold by them in this offering;

up to 20,000,000 ordinary shares reserved for future issuance under our 2009 Equity Incentive Award Plan, of which options to purchase approximately 2,700,000 ordinary shares at an exercise price equal to the initial public offering price set forth on the cover of this prospectus will be granted prior to this offering;

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800,000 ordinary shares issuable upon the exercise of an option granted to Capstone Equity Investors LLC at an exercise price of \$5.00 per share, including 59,887 shares that will be issued upon the exercise of the option and sold by Capstone in this offering; and

up to 8,000,000 ordinary shares issuable pursuant to our Employee Share Purchase Plan.

Table of Contents**DILUTION**

If you invest in our ordinary shares in this offering, your interest will be diluted to the extent of the difference between the public offering price per share of our ordinary shares and the as adjusted net tangible book value per share of our ordinary shares after this offering. Net tangible book value per share represents our total tangible assets (total assets less intangible assets) less total liabilities divided by the number of outstanding ordinary shares. Our net tangible book value at May 3, 2009 was \$(98) million, and our net tangible book value per share was \$(0.46) per ordinary share.

Our as adjusted net tangible book value at May 3, 2009, after giving effect to the sale of 21,500,000 ordinary shares at the initial public offering price of \$15.00 per share, the issuance of 452,329 shares upon the exercise of options by the selling shareholders at a weighted average exercise price of \$4.73 per share, and after deducting the underwriting discounts and commissions and estimated offering expenses, would have been approximately \$138 million, or \$0.59 per share. This represents an immediate increase in as adjusted net tangible book value of \$1.05 per share to existing shareholders and an immediate dilution of \$14.41 per share to new investors, or approximately 96% of the initial public offering price of \$15.00 per share. The following table illustrates this per share dilution:

Initial public offering price per share	\$ 15.00
Net tangible book value per share as of May 3, 2009, before giving effect to this offering	(0.46)
Increase in net tangible book value per share attributable to investors purchasing shares in this offering	1.05
As adjusted net tangible book value per share, after giving effect to this offering	0.59
Dilution in as adjusted net tangible book value per share to investors in this offering	\$ 14.41

The following table summarizes, as of May 3, 2009, the number of ordinary shares purchased from us since inception, the total consideration paid to us and the average price per share paid by existing shareholders and by new investors purchasing ordinary shares in this offering at the initial public offering price of \$15.00 per share, before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased Number	Percent (amount in thousands, except	Total Consideration Amount	Percent	Average Price Per Share
percentages, per share price and share amounts)					
Existing shareholders	213,935,874	91%	\$ 1,069,876	77%	\$ 5.00
New investors	21,952,329	9	324,500	23	14.78
Total	235,888,203	100%	\$ 1,394,376	100%	

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This discussion and table are based on 213,935,874 ordinary shares outstanding as of May 3, 2009 plus (1) the 21,500,000 shares to be sold by us in this offering and (2) 452,329 shares that will be issued upon exercise of options held by selling shareholders for the purpose of selling shares in this offering.

As of May 3, 2009, we had 213,935,874 shares outstanding, excluding:

21,767,164 ordinary shares issuable upon the exercise of options outstanding under our Executive Plan and Senior Management Plan as of May 3, 2009 at a weighted average exercise price of \$7.49 per share, including 392,442 shares that will be issued upon the exercise of options with a weighted average exercise price of \$4.69 per share by selling shareholders and sold by them in this offering;

800,000 ordinary shares issuable upon the exercise of an option granted to Capstone Equity Investors LLC at an exercise price of \$5.00 per share, including 59,887 shares that will be issued upon the exercise of the option and sold by Capstone in this offering; and

up to 8,000,000 ordinary shares issuable pursuant to our Employee Share Purchase Plan.

Sales by the selling shareholders in this offering will cause the number of shares beneficially owned by existing shareholders to be reduced to 192,688,203 shares or approximately 82% of the total number of shares of our ordinary shares outstanding after this offering.

If the underwriters exercise their option to purchase additional shares in full, the following will occur:

the number of our ordinary shares beneficially owned by existing shareholders would decrease to approximately 186,330,173, or approximately 79% of the total number of ordinary shares outstanding after this offering; and

the number of our ordinary shares held by new investors would increase to 49,680,000, or approximately 21% of the total number ordinary shares outstanding after this offering.

In addition, up to 20,000,000 ordinary shares are reserved for future issuance under our equity-based compensation plans, of which options to purchase approximately 2,700,000 ordinary shares at an exercise price equal to the initial public offering price set forth on the cover of this prospectus will be granted prior to this offering. The table and calculations above exclude such shares. To the extent the options are exercised and awards are granted under these plans, there may be dilution to our shareholders. We may also choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our shareholders.

Table of Contents**SELECTED FINANCIAL DATA**

Set forth below is selected financial data of our business as of and for the periods presented. You should read this data together with the information included under the headings Risk Factors, Summary Financial Information and Management's Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and related notes included elsewhere in this prospectus. The selected statements of operations data for the one month ended November 30, 2005 and the years ended October 31, 2006, October 31, 2007 and November 2, 2008 and the selected balance sheet data as of October 31, 2007 and November 2, 2008 have been derived from audited historical financial statements and related notes included elsewhere in this prospectus. The selected statements of operations data for the years ended October 31, 2004 and 2005 and the selected balance sheet data as of October 31, 2004, 2005 and 2006 have been derived from audited historical financial statements and related notes not included in this prospectus. The selected statements of operations data for the six months ended May 4, 2008 and May 3, 2009 and the selected balance sheet data as of May 3, 2009 have been derived from unaudited historical financial statements and related notes included elsewhere in this prospectus. The balance sheet data as of May 4, 2008 has been derived from unaudited historical financial statements and related notes not included in this prospectus. We have prepared the unaudited historical financial statements on the same basis as the audited historical financial statements and, in the opinion of our management, the statements reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial information set forth in these statements. The historical financial data may not be indicative of our future performance and does not reflect what our financial position and results of operations would have been if we had operated as a fully stand-alone entity during all of the periods presented. We adopted a 52-or 53-week fiscal year beginning with our fiscal year 2008. Our fiscal year ends on the Sunday closest to October 31.

	Predecessor(1)			Company			Six Months Ended	
	Year Ended	One	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
		Month						
		Ended						
	October 31,	October 31,	November 30,	October 31,	October 31,	November 2,	May 4,	May 3,
	2004	2005	2005	2006(2)	2007	2008	2008	2009
	(in millions, except per share data)							
Statement of Operations Data:								
Net revenue(3)	\$ 1,714	\$ 1,410	\$ 114	\$ 1,399	\$ 1,527	\$ 1,699	\$ 813	\$ 693
Costs and expenses:								
Cost of products sold:								
Cost of products sold	1,202	935	87	926	936	981	467	414
Amortization of intangible assets				55	60	57	28	29
Asset impairment charges(4)		2			140			
Restructuring charges(5)		2		2	29	6	2	9
Total costs of products sold	1,202	939	87	983	1,165	1,044	497	452
Research and development	205	203	22	187	205	265	128	121
Selling, general and administrative	249	245	27	243	193	196	98	82
Amortization of intangible assets				56	28	28	14	11
Asset impairment charges(4)		1			18			
Restructuring charges(5)		15	1	3	22	6	3	8
Litigation settlement(6)				21				
Acquired in-process research and development					1			
Total costs and expenses	1,656	1,403	137	1,493	1,632	1,539	740	674
Income (loss) from operations(3)(7)(8)	58	7	(23)	(94)	(105)	160	73	19
Interest expense(9)				(143)	(109)	(86)	(45)	(38)
Gain (loss) on extinguishment of debt					(12)	(10)	(10)	1
Other income (expense), net(3)	4	7		12	14	(4)	2	(4)
	62	14	(23)	(225)	(212)	60	20	(22)

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Income (loss) from continuing operations before
income taxes

Provision for income taxes	19	5	2	3	8	3	7	3
Income (loss) from continuing operations	43	9	(25)	(228)	(220)	57	13	(25)
Income from and gain on discontinued operations, net of income taxes(10)	30	22	1	1	61	26	8	
Net income (loss)	\$ 73	\$ 31	\$ (24)	\$ (227)	\$ (159)	\$ 83	\$ 21	\$ (25)

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	Predecessor(1)		Company					
	Year Ended	One Month Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	
	October 31, 2004	October 31, 2005	November 30, 2005	October 31, 2006(2)	October 31, 2007	November 2, 2008	May 4, 2008	May 3, 2009
Net income (loss) per share:								
Basic:								
Income (loss) from continuing operations				\$ (1.07)	\$ (1.03)	\$ 0.27	\$ 0.06	\$ (0.12)
Income from and gain on discontinued operations, net of income taxes					0.29	0.12	0.04	
Net income (loss)				\$ (1.07)	\$ (0.74)	\$ 0.39	\$ 0.10	\$ (0.12)
Diluted:								
Income (loss) from continuing operations				\$ (1.07)	\$ (1.03)	\$ 0.26	\$ 0.06	\$ (0.12)
Income from and gain on discontinued operations, net of income taxes					0.29	0.12	0.04	
Net income (loss)				\$ (1.07)	\$ (0.74)	\$ 0.38	\$ 0.10	\$ (0.12)
Weighted average shares:								
Basic				213	214	214	214	214
Diluted				213	214	219	219	214
Balance Sheet Data (at end of period):								
Cash and cash equivalents	\$	\$		\$ 272	\$ 309	\$ 213	\$ 83	\$ 241
Total assets	921	840		2,217	1,951	1,871	1,741	1,805
Total long-term debt and capital lease obligations				1,004	907	708	710	704
Total shareholders equity	650	529		842	693	780	709	758

(1) Predecessor refers to the Semiconductor Products Group business segment of Agilent.

(2) We completed the SPG Acquisition on December 1, 2005. The SPG Acquisition was accounted for as a purchase business combination under GAAP and thus the financial results for all periods from and after December 1, 2005 are not necessarily comparable to the prior results of Predecessor. We did not have any significant operating activity prior to December 1, 2005. Accordingly, our results for the year ended October 31, 2006 represent only the eleven months of our operations after the completion of the SPG Acquisition.

(3) The divestiture of the Camera Module Business by Agilent on February 3, 2005 did not meet the criteria for discontinued operations treatment under GAAP and, as such, its historical results remain included in the results from continuing operations as presented in this prospectus until the first quarter of fiscal year 2005. The following table presents the operating results of the Camera Module Business:

**Predecessor
Year Ended October 31,
2004 2005
(in millions)**

Statement of Operations Data:

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Net revenue	\$ 296	\$ 69
Loss from operations	(63)	(7)

On February 3, 2005, Predecessor completed the sale of the Camera Module Business to Flextronics International Ltd. pursuant to an Asset Purchase Agreement dated October 27, 2004, as amended. Flextronics agreed to purchase the fixed assets, inventory and intellectual property and assume operating liabilities. Flextronics paid approximately \$13 million upon closing and paid an additional \$12 million (in twelve equal quarterly installments each fiscal quarter following the sale closing date), which was recorded as receivable by us as part of purchase accounting. For the year ended October 31, 2005, Predecessor recognized a gain of \$12 million related to this sale which was recorded in other income (expense), net.

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- (4) During the year ended October 31, 2007, we recorded a \$158 million write-down of certain long-lived assets following a review of the recoverability of the carrying value of certain manufacturing facilities, of which \$18 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold.
- (5) Our restructuring charges predominantly represent one-time employee termination benefits. During the year ended October 31, 2005, we incurred \$17 million in restructuring charges for certain restructuring actions initiated by Agilent. We incurred total restructuring charges of \$5 million during the year ended October 31, 2006 (\$6 million on a combined basis including the one month period ended November 30, 2005) related to our effort to rationalize our product lines. During the year ended October 31, 2007, we incurred restructuring charges of \$51 million, of which \$22 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold. During the year ended November 2, 2008, we incurred restructuring charges of \$12 million, of which \$6 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold. During the six months ended May 4, 2008 and May 3, 2009, we incurred restructuring charges of \$5 million and \$17 million, respectively, of which \$3 million and \$8 million, respectively, were recorded as part of operating expenses and the remainder were recorded as part of cost of products sold.
- (6) In November 2006, we agreed to settle a trade secret lawsuit filed by Sputtered Films Inc., a subsidiary of Tegal Corporation, against Agilent, Advanced Modular Sputtering Inc. and our company. We assumed responsibility for this litigation in connection with the SPG Acquisition and accrued this liability in the fourth quarter of fiscal year 2006.
- (7) Includes share-based compensation expense recorded by Predecessor of \$4 million for the one month ended November 30, 2005, and for the Company, \$3 million for the year ended October 31, 2006, \$12 million for the year ended October 31, 2007, \$15 million for the year ended November 2, 2008, \$9 million for the six months ended May 4, 2008 and \$4 million for the six months ended May 3, 2009.
- (8) Includes expense recorded in connection with the advisory agreement with our equity sponsors of \$5 million for the year ended October 31, 2006, \$5 million for the year ended October 31, 2007, \$6 million for the year ended November 2, 2008, \$3 million for the six months ended May 4, 2008 and \$3 million for the six months ended May 3, 2009. The advisory fees under the advisory agreement are payable on a quarterly basis. Upon completion of this offering, the advisory agreement will be terminated pursuant to its terms and no further payments will be made following such termination. See also Use of Proceeds.
- (9) Interest expense for the year ended October 31, 2006 includes an aggregate of \$30 million of amortization of debt issuance costs and commitment fees for expired credit facilities, including \$19 million of unamortized debt issuance costs that were written off in conjunction with the repayment of our term loan facility during this period. As of October 31, 2006, we had permanently repaid all outstanding amounts under our term loan facility.