Treatment of Employee Stock Purchase Plan (Page ~~70~~74)

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

No Solicitation of Acquisition Proposals (Page ~~79~~84)

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

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

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

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

such information provided to such third party. ~~These~~However, the standstill ~~provisions~~provision in the confidentiality agreement entered into with Avago contains an exception permitting acquisition proposals made at the invitation of our board of directors. In the event that we receive a proposal or expression of interest from a third party in compliance with the merger agreement and our board of directors determines, among other things, that such proposal or expression of interest constitutes, or is reasonably likely to result in, a superior proposal, our board would extend a written invitation to such bidder to present such acquisition proposal, which invitation would permit such third party to amend its proposal with a new superior proposal in the event that such third party's prior proposal is matched or exceeded by Avago in the exercise of Avago's matching rights provided for in the merger agreement. The standstill provision in the confidentiality agreement that such third party would enter into with the Company would not restrict such third party from proceeding with its proposal, requesting and receiving ~~nonpublic~~non-public information about us and our subsidiaries, engaging in discussions with us with respect to the proposal and, if our board determines that the proposal constitutes a superior proposal and provided that we comply with our non-solicitation obligations under the merger agreement, entering into a definitive agreement with us with respect to the proposal. Accordingly, notwithstanding any reference in the merger agreement to the execution of confidentiality agreements containing standstill provisions no less favorable to us than the standstill provisions contained in the confidentiality agreement we entered into with Avago, potential bidders will be able to present us with a potentially superior proposal and will be able to obtain confidential due diligence material and present improved bids regardless of the standstill provision in the confidentiality agreement that such third party would enter into with the Company.

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

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

THE MERGER

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

General

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

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

Background of the Merger

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

On May 23, 2013, Mr. Kenneth Hao, a Managing Partner and Managing Director of Silver Lake Partners, which we refer to as Silver Lake, contacted our chief executive officer, Mr. Abhijit Talwalkar, to set up a meeting to catch up on industry trends and the Company's business with the aim of seeing whether there were investment opportunities for Silver Lake ~~Partners~~ with respect to the Company. The Company had no prior business relationship with Silver Lake. Mr. Talwalkar accepted the meeting request and, on June 19, 2013, met with Mr. Hao and Mark Margiotta, a representative of Silver Lake, and discussed the Company's current business, our progress toward achieving the Company's operating objectives and our industry in general. At the end of that meeting, Mr. Hao asked Mr. Talwalkar if he had any interaction with, or ideas for collaborating with, Avago, of which Mr. Hao is a member of the board of directors. Mr. Talwalkar responded that he had some conversations in the past with Mr. Hock Tan, the chief executive officer of Avago, regarding discrete aspects of the companies' respective businesses, but that nothing had ever been pursued.

Avago subsequently advised us that following the meeting, Mr. Hao determined that the most feasible transaction with the Company would involve Avago and that Silver Lake's role would potentially be to provide financing to Avago. Accordingly, Mr. Hao commenced discussions with Mr. Tan at Avago concerning a potential acquisition of the Company by Avago. On July 14, 2013, Mr. Hao contacted Mr. Talwalkar and stated that Silver Lake had discussed possible business collaboration ideas with Mr. Tan and asked if Mr. Talwalkar would be willing to meet with Mr. Hao and Mr. Tan in early August to further discuss potential collaboration opportunities. Because these were ordinary course meetings regarding potential business collaboration and Mr. Hao did not mention

a potential transaction to acquire the Company, Mr. Talwalkar did not require prior board authorization to engage with Mr. Hao and did not inform the board of his discussions with Mr. Hao until Avago and Silver Lake subsequently expressed interest in acquiring the Company.

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

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

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

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

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

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

On September 17, 2013, our board of directors held a meeting. Mr. Talwalkar summarized his discussions with Mr. Tan and described Avago's preliminary analysis of a potential acquisition of the

Company. Following a discussion of Mr. Tan's communications with Mr. Talwalkar, the board of directors, with the assistance of representatives of Qatalyst Partners, discussed and identified ~~several~~ten other parties it believed could be interested in potentially acquiring the Company. These identified parties did not include any private equity firms because, during the course of this discussion, the board concluded that the Company's stand-alone cash flow and earnings were unlikely to support the level of debt financing that would be necessary to consummate a transaction in the per share range indicated by Avago's preliminary analysis. ~~The~~Also, based on Mr. Talwalkar's report on his discussions with Mr. Hao, the board believed that given the level of cash flow expected from the Company, the price that a private equity firm would be willing to pay for the Company would not be higher than the range proposed by Mr. Tan on September 10. Following our board's review of the ten identified parties, which focused on whether each party had the resources and ability to acquire a company of LSI's size and had businesses or assets complementary to the Company's business, the board authorized Qatalyst Partners and Mr. Talwalkar to contact four strategic parties: Party A, Party B, Party C and Party D. The parties identified and subsequently contacted consisted of persons in the high-performance storage and semiconductor industries with the financial resources to engage in a potential strategic transaction and businesses complementary to the business of the Company. Our general counsel next reviewed the fiduciary duties of the members of the board of directors when the board is considering the sale of the Company. Because ~~of a conflict of interest with respect to~~Mr. Reyes, our chairman, is a member of the board of directors of Party C, it was determined that Mr. Reyes~~, our chairman,~~ would recuse himself from the strategic process should Party C express an interest in acquiring the Company. After further discussion, the board determined that none of its other members, including Mr. Talwalkar, had any conflict of interest with respect to Avago's proposed acquisition. Because Mr. Reyes had agreed to recuse himself in the event that Party C expressed an interest in acquiring the Company, the board did not identify a need to form a special committee of independent directors to evaluate the proposed transaction. After the meeting concluded, Mr. Talwalkar contacted representatives of Party A, Party B and Party C to determine their interest in potentially acquiring the Company.

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

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

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

On September 25, 2013, the Company formally executed a letter agreement with Qatalyst Partners to engage Qatalyst Partners as its financial advisor in connection with the strategic process. The

Company selected Qatalyst Partners because of Qatalyst Partners' qualifications, expertise, reputation and knowledge of our business and affairs and the industry in which the Company operates. Prior to this date, the Company discussed the terms and scope of Qatalyst Partners' engagement and negotiated the terms of Qatalyst Partners' engagement letter. The board subsequently approved Qatalyst Partners' engagement at its next meeting.

Between September 26, 2013 and October 3, 2013, ~~the Company~~as a condition to receiving confidential due diligence information, we entered into ~~non-disclosure~~confidentiality agreements with Party A, Party B, Party C, Avago and Silver Lake. Each of the ~~non-disclosure~~confidentiality agreements contained customary standstill provisions, but provided that the standstill provisions expired ~~when the Company entered into a merger~~upon the Company's entry into a definitive acquisition agreement with another party. The Company also consented to Avago and Silver Lake's request to collaborate on a proposal to acquire the Company on the condition that Avago not restrict Silver Lake from otherwise proceeding with a potential transaction to acquire the Company on its own or in collaboration with any other potentially interested party. Except for standstill provisions in confidentiality agreements executed by Avago and Silver Lake, the standstill provisions in the confidentiality agreements executed by the other potential bidders terminated upon the Company's entry into the merger agreement with Avago.

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

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

On October 4, 2013, Party C notified Qatalyst Partners that it was no longer interested in pursuing a transaction to acquire the Company and that it was withdrawing from the strategic process. Party C stated that it was withdrawing from the Company's strategic process because it had determined that a transaction to acquire the whole Company was not strategically compatible with Party C's businesses. Our management and board of directors were promptly informed of Party C's decision.

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

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

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

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

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

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

On October 25, 2013, Party B notified representatives of Qatalyst Partners that it was no longer interested in pursuing a strategic transaction to acquire the Company. Party B stated that it was not interested in acquiring the Company because it did not view the Company's Hard Disk Drive business as strategically compatible with Party B's businesses and had concerns about its ability to consummate a transaction to acquire the Company in a timely fashion. Representatives of Qatalyst Partners promptly notified members of our management of this decision. Our board of directors was promptly notified of Party B's withdrawal from the process.

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

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

On November 4, 2013, Party A notified representatives of Qatalyst Partners that it was no longer interested in pursuing a strategic transaction to acquire the Company. Party A stated that it was not interested in acquiring the Company because it did not view the Company's Hard Disk Drive business as strategically compatible with Party A's businesses and that Party A's internal valuation of the Company did not support an acquisition price that would be at a premium to the current trading price of the Company's common stock. Representatives of Qatalyst Partners promptly notified members of our management of this decision. Our board of directors was promptly notified of Party A's withdrawal from the process.

On November 5, 2013, our board of directors held a meeting. At the meeting, a representative of Skadden Arps led the board of directors in a discussion of the directors' fiduciary duties in connection with consideration of a potential sale of the Company. Representatives of Qatalyst Partners updated the

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

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

On November 12, 2013, our board of directors held a meeting. At the meeting, representatives of Qatalyst Partners informed the board of directors that Avago had rejected the proposed $12.00 and $12.50 per share price range because such a price range was not supported by Avago's internal valuation of the Company, but might consider a transaction at $11.00 per share of Company common stock. After a discussion, consensus emerged to continue negotiations with Avago regarding the transaction price in an effort to obtain a higher price and ensure that any proposal from Avago included committed financing.

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

On November 13, 2013, our general counsel provided our board with a summary of the discussions between representatives of Qatalyst Partners, Mr. Talwalkar, Mr. Tan and Mr. Krause and of Avago's ~~"~~"best and final~~"~~" offer of $11.15 per share, which Mr. Krause stated was the highest price that Avago's internal valuation of the Company could support.

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

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

On November 18, 2013, our board of directors held a meeting. At the meeting, representatives of Qatalyst Partners summarized discussions and negotiations with Avago, which had concluded with

Avago making a "“best and final”" offer to acquire the Company at a price of $11.15 per share and Mr. Talwalkar's unsuccessful effort to convince Avago to increase its offer price by $0.10 per share. The board next considered Avago's request for exclusivity and determined that because the strategic process to date had not resulted in any other ~~actionable~~ proposals for the sale of the Company and because Avago would not expend the significant resources necessary to complete due diligence and negotiate a definitive agreement absent exclusivity, the board of directors would authorize the Company to enter into an exclusivity agreement providing for a short period of exclusivity that would remain effective only so long as Avago's per share offer price remained at or above $11.15. On this date, our common stock closed at a per share price of $8.18.

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

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

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

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

On December 2, 2013, our board of directors held a meeting to review the terms of Avago's proposed merger agreement. Representatives of Skadden Arps, Qatalyst Partners and our management summarized the key terms of the merger agreement and described Avago's proposed financing structure for the transaction. Our board of directors emphasized the need for assurances that the transaction would close, particularly with respect to Avago's obligations to obtain financing for the transaction, the need to maintain stability among the Company's employees and incentivize employees to remain with the Company both between signing and closing and after consummation of the merger and the need to ensure that the proposed merger agreement did not unduly restrict the board's ability to take actions necessary to comply with its fiduciary duties during the period following entry into the merger agreement. Our board also highlighted the importance of having appropriate termination rights and remedies available to the Company under the merger agreement in the event of a financing failure.

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

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

On December 9, 2013, our board of directors held a meeting to discuss the status of negotiations with Avago. Members of our management updated the board on the status of Avago's due diligence

and representatives of Skadden Arps reviewed the material terms of the latest draft of the proposed merger agreement. Our board of directors discussed the importance of assuring the transaction would close, particularly with respect to financing, employee stability and of maintaining the Company's ability to operate in the ordinary course of business between signing and closing. Mr. Talwalkar discussed the financial terms of the proposed transaction with Avago and provided an update on the Company's projected fourth quarter and 2014 financial results, which he provided to Avago later that day.

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

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

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

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

Between December 13 and December 15, 2013, Skadden Arps and Latham & Watkins exchanged drafts of the proposed merger agreement and together with representatives of the Company and Avago, negotiated the remaining open issues in the proposed merger agreement. The principal remaining issues were related to deal certainty and the Company's remedies in the event of a financing failure. These drafts of the merger agreement were promptly forwarded to our board of directors and management.

On December 14, 2013, Avago delivered a draft of the note purchase agreement it intended to enter into with Silver Lake as part of the financing of the merger, described in "The Merger ~~Agreement~~ — Financing of the Merger" beginning on page ~~53~~57. Between December 14 and December 15, 2013, representatives of Skadden Arps, Latham & Watkins and Simpson Thacher negotiated the terms of the note purchase agreement.

On December 15, 2013, our board of directors held a meeting. Representatives of Skadden Arps provided a summary of the terms of the merger agreement, a draft of which had been provided to the board in advance of the meeting. Representatives of Skadden Arps and Qatalyst Partners also discussed with the board remaining open issues in the merger agreement, highlighting the termination rights and remedies available to the Company under the merger agreement in the event of a financing failure. Following extensive discussion, the board of directors directed management and its advisors to include in the merger agreement language providing for uncapped damages in the event of an intentional breach of the merger agreement by Avago. Members of our management next summarized and submitted for the ~~board's~~

board's approval the amended and restated Company change in control and termination policies required by Avago. Representatives of Qatalyst Partners then presented Qatalyst Partners' financial analyses of the consideration to be received by the holders of shares of Company common stock pursuant to the merger agreement to the Company's board of directors and orally rendered its opinion, which was confirmed by delivery of a written opinion dated December 15, 2013, to the effect that, as of December 15, 2013, and based on and subject to the considerations, limitations and other matters set forth therein, the consideration to be received by the holders of shares of Company common stock, other than Avago USA and any affiliates of Avago USA, pursuant to the merger agreement was fair from a financial point of view to such holders. After further discussion, the board of directors, having determined that the terms of the merger agreement and the transactions contemplated thereby on the terms discussed by the board of directors at the meeting, including the merger, were fair to and in the best interests of the stockholders of the Company, unanimously approved and declared advisable the merger agreement and the transactions contemplated thereby, including the merger, directed that the merger agreement as approved by the board be submitted to our stockholders for adoption ~~and approval~~, and recommended that our stockholders vote in favor of the adoption ~~and approval~~ of the merger agreement ~~and the transactions contemplated thereby, including the merger~~.

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

In the merger agreement, we agreed not to terminate, waive, amend or modify any provision of, or grant permission under, any standstill or confidentiality agreement to which we or any of our subsidiaries is a party, and we agreed to enforce the provisions of each such confidentiality agreement. However, upon execution of the merger agreement, the only standstill provisions that remain in effect from the Company's strategic process are the standstill provisions in the confidentiality agreements entered into with Avago and its financing source, Silver Lake. Upon our entry into the merger agreement, Party A, Party B, and Party C were and remain free to present a superior proposal in accordance with the terms of the merger agreement. Party D, which did not enter into a confidentiality agreement with the Company, was and remains free to present a superior proposal in accordance with the terms of the merger agreement.

In the merger agreement, which sets forth the circumstances in which we can provide information to and engage in dialogue with any party that provides a *bona fide* written acquisition proposal (as defined in the merger agreement) that is or may lead to a superior proposal, we agreed that we may not, and shall not allow any of our subsidiaries or our subsidiaries' representatives to, furnish any information to any such third party making the acquisition proposal without first entering into a confidentiality agreement containing customary limitations on the use and disclosure of all non-public written and oral information furnished to such third party by or on our or our subsidiaries' behalf and containing standstill provisions no less favorable to us than the standstill provisions contained in the confidentiality agreement we entered into with Avago, and promptly providing to Avago USA any

such information provided to such third party. However, the standstill provision in the confidentiality agreement entered into with Avago contains an exception permitting acquisition proposals made at the invitation of our board of directors. In the event that we receive a proposal or expression of interest from a third party in compliance with the merger agreement and our board of directors determines, among other things, that such proposal or expression of interest constitutes, or is reasonably likely to result in, a superior proposal, our board would extend a written invitation to such bidder to present such acquisition proposal, which invitation would permit such third party to amend its proposal with a new superior proposal in the event that such third party's prior proposal is matched or exceeded by Avago in the exercise of Avago's matching rights provided for in the merger agreement. The standstill provision in the confidentiality agreement that such third party would enter into with the Company would not restrict such third party from proceeding with its proposal, requesting and receiving non-public information about us and our subsidiaries, engaging in discussions with us with respect to the proposal and, if our board determines that the proposal constitutes a superior proposal and provided that we comply with our non-solicitation obligations under the merger agreement, entering into a definitive agreement with us with respect to the proposal. Accordingly, notwithstanding any reference in the merger agreement to the execution of confidentiality agreements containing standstill provisions no less favorable to us than the standstill provisions contained in the confidentiality agreement we entered into with Avago, potential bidders will be able to present us with a potentially superior proposal and will be able to obtain confidential due diligence material and present improved bids regardless of the standstill provision in the confidentiality agreement that such third party would enter into with the Company.

On December 30, 2013, each of the Company and Avago USA filed a notification and report form with the FTC and the DOJ under the HSR Act, and each requested early termination of the waiting period. The waiting period under the HSR Act expired on February 28, 2014. Also on December 30, 2013, each of the Company and Avago USA submitted initial notifications about the merger to the antitrust authorities of the People's Republic of China, the Russian Federation and the Federal Republic of Germany. On January 17, 2014, the Bundeskartellamt (Federal Cartel Office) of the Federal Republic of Germany approved the merger. On January 29, 2014, the Federal Antimonopoly Service of the Russian Federation approved the merger.

On January 30, 2014, the Company, Avago, Avago USA and Merger Sub filed a joint voluntary notification with CFIUS.

Reasons for the Merger; Recommendation of the Board of Directors

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

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

- the fact that the merger consideration of $11.15 per share to be received by the holders of Company common stock in the merger represents a significant premium over the market price at which the Company common stock traded prior to the announcement of the

execution of the merger agreement, including the fact that the merger consideration of $11.15 per share represents an approximate premium of:

- 41.0% based on the closing price per share of $7.91 on December 13, 2013, the last full trading day before the execution of the merger agreement was publicly announced; and
- 37.3% based on the volume-weighted average closing price per share of $8.12 over the 30-day period ending December 13, 2013;

- the oral opinion delivered to our board of directors on December 15, 2013, and subsequently confirmed by Qatalyst Partners' written opinion to our board of directors dated such date, to the effect that, based upon and subject to the considerations, limitations and other matters set forth therein, the consideration to be received by the holders of Company common stock, other than Avago USA or any affiliates of Avago USA, pursuant to the merger agreement was fair, from a financial point of view, to such holders, and Qatalyst Partners' related financial analyses presented to the Company board of directors in connection with the delivery of its oral opinion. You are urged to read Qatalyst Partners' written opinion, which is set forth in its entirety in **Annex B** to this proxy statement, and the discussion of the opinion and Qatalyst Partners' analyses in "The Merger — Opinion of Qatalyst Partners LP" beginning on page ~~44~~47;
- the fact that the proposed merger consideration is all cash, which provides certainty of value and liquidity to our stockholders for their shares of Company common stock;
- the belief of our board of directors that at this time the merger consideration of $11.15 per share is more favorable to our stockholders than the potential value that might result from other alternatives reasonably available to the Company (including the alternative of remaining a stand-alone public company and other strategic or recapitalization strategies that might be pursued as a stand-alone public company);
- after reviewing publicly available and other financial information with respect to Avago with the assistance of legal and financial advisors, our board of directors' assessment that Avago has adequate financial resources to pay the aggregate merger consideration, including the limited, and high likelihood of satisfaction of, conditions to the debt financing commitment obtained by Avago Finance and the note purchase agreement entered into by Avago with Silver Lake, as described below under "The Merger — Financing of the Merger" beginning on page ~~53~~57 of this proxy statement, Avago's representations and covenants contained in the merger agreement relating to such financing and our board of directors' assessment, after consultation with its financial adviser, of Avago's ability to obtain financing;
- the fact that the price proposed by Avago reflected extensive negotiations between the parties and their respective advisors and our board of directors' and financial advisor's belief that the agreed price was the highest price per share Avago was willing to agree to and the highest any buyer would offer;
- that the members of the board of directors of the Company were unanimous in their determination to recommend the merger agreement for adoption by our stockholders;
- the terms and conditions of the merger agreement and related transaction documents, in addition to those described above (relating to regulatory approvals, antitrust approvals and financing) including:
  - the limited and otherwise customary conditions to the parties' obligations to complete the merger, including the commitment by Avago to obtain applicable regulatory approvals and assume the risks related to certain conditions and requirements that may be imposed by regulators in connection with securing such approvals, the absence of a

financing condition and Avago's representations, warranties and covenants related to obtaining financing for the transaction, which were substantial assurances that the merger ultimately should be consummated on a timely basis;

- the requirement that the merger will only be effective if approved by the holders of a majority of the outstanding shares of Company common stock;
- the delivery by Avago of a debt commitment letter and the note purchase agreement setting forth the financing commitments and other arrangements regarding the financing Avago contemplated using to consummate the transaction;
- the requirement that, in the event of a failure of Avago to consummate the acquisition when the Company and Avago are otherwise obligated, and the Company has irrevocably confirmed that it is prepared to consummate the merger, Avago USA will pay, or cause to be paid to, the Company a termination fee of $400 million;
- our ability to seek damages in the event of a willful breach by Avago of its obligations under the merger agreement;
- prior to approval of the merger by our stockholders, our ability, under certain limited circumstances, to furnish information to, and conduct negotiations with, third parties regarding an acquisition proposal;
- prior to approval of the merger by our stockholders, our ability, subject to certain conditions, to terminate the merger agreement in order to accept a superior proposal, subject to paying or causing to be paid to Avago USA the Company termination fee of $200 million (equal to approximately 3% of the equity value of the transaction), which our board of directors determined, with the assistance of its legal and financial advisors, was reasonable in light of, among other things, the benefits of the merger to our stockholders, the typical size of such fees in similar transactions and the belief that a fee of such size would not preclude or unreasonably restrict the emergence of alternative transaction proposals as more fully described in "“The Merger Agreement —Termination Fees"” beginning on page ~~89~~94 of this proxy statement;
- our ability to seek to specifically enforce Avago's obligations under the merger agreement, including Avago's obligations to consummate the merger;
- the ability of our board of directors, subject to certain conditions, to change its recommendation supporting the merger, regardless of the existence of a competing or superior acquisition proposal, to the extent our board of directors determines that such action is necessary to comply with its fiduciary duties to our stockholders under the DGCL;
- the customary nature of the other representations, warranties and covenants of the Company in the merger agreement; and
- the fact that the financial and other terms and conditions of the merger agreement minimize, to the extent reasonably practical, the risk that a condition to closing would not be satisfied and also provide reasonable flexibility to operate our business during the pendency of the merger;

- the fact that we have conducted a process of exploring our strategic alternatives stretching over four months during which time representatives of the Company sought offers to purchase from a group of five potential strategic buyers, Party A, Party B, Party C, Party D and Avago, four of whom, Party A, Party B, Party C and Avago, entered into confidentiality agreements with us and received confidential marketing materials and other non-public information, and none of whom, after receiving such non-public information and conducting

due diligence, made an offer in cash at a value greater than the $11.15 per share merger consideration;

- after lengthy meetings with management, our board of directors' consideration of our business, strategy, assets, financial condition, capital requirements, results of operations, competitive position and historical and projected financial performance, and the nature of the industry and regulatory environment in which we compete, and the risks and upside potential relating thereto and the potential impact of those factors on the trading price of Company common stock (which cannot be quantified numerically);
- the risks and uncertainties associated with maintaining our existence as an independent company and the opportunities presented by the merger, including the risks and uncertainties with respect to:
  - achieving our growth plans in light of the current and foreseeable market conditions, including the risks and uncertainties in the U.S. and global economy generally and the high-performance storage and semiconductor industries specifically;
  - the general risks and market conditions that could affect the price of our common stock;
  - the "risk factors" set forth in the our Form 10-K for the fiscal year ended December 31, 2012 and subsequent reports filed with the SEC; and
  - the inherent uncertainty of attaining management's internal financial projections, including those set forth in the section entitled "The Merger — Certain Company Forecasts" beginning on page ~~51~~54 of this proxy statement, including the fact that our actual financial results in future periods could differ materially and adversely from the projected results;
- the negotiation process with Avago, which was conducted at arm's length, and the fact that our senior management and our legal and financial advisors were directly involved throughout the negotiations and updated our board of directors directly and regularly; and
- the availability of appraisal rights under Delaware law to holders of shares of Company common stock who do not vote in favor of the adoption of the merger agreement and comply with all of the required procedures under Delaware law, which provides those eligible stockholders with an opportunity to have a Delaware court determine the fair value of their shares, which may be more than, less than, or the same as the amount such stockholders would have received under the merger agreement.

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

- the fact that the completion of the merger will generally preclude the Company's stockholders from having any ongoing equity participation in the Company and, as such, current stockholders of the Company will cease to participate in the Company's future earnings or growth, if any, or to benefit from increases, if any, in the value of the Company common stock;
- the risks and costs to the Company if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;
- the risk that certain key members of our senior management might choose not to remain employed with the Company prior to the completion of the merger;
- that we are obligated to pay Avago USA a termination fee of $200 million if the merger agreement is terminated under certain circumstances, which our board of directors believes,

after consulting with its legal and financial advisors, would not preclude competing offers following the announcement of the transaction;

- that the merger is conditioned on the receipt of regulatory approvals and clearances, including the expiration or termination of the waiting period under the HSR Act, the receipt of affirmative approval or clearance required under the antitrust laws of the People's Republic of China, the Russian Federation and the Federal Republic of Germany, and, therefore, the merger may not be completed in a timely manner or at all;
- the risk that the merger may not be consummated despite the parties' efforts or that consummation may be unduly delayed, even if the requisite approval is obtained from our stockholders, including the possibility that conditions to the parties' obligations to complete the merger may not be satisfied and the potential resulting disruptions to the Company's business;
- the fact that the Company may be unable to obtain stockholder approval for the transactions contemplated by the merger agreement;
- the risk that the debt financing contemplated by the debt commitment letters will not be obtained or that the transactions contemplated by the note purchase agreement with Silver Lake will not be consummated, resulting in Avago not having sufficient funds to complete the merger;
- the merger agreement's restrictions on the conduct of the Company's business prior to the completion of the merger, generally requiring the Company to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger;
- the fact that we are prohibited from paying dividends prior to the consummation of the merger;
- the fact that the Company's executive officers and directors may have interests in the transactions contemplated by the merger agreement that are different from, or in addition to, those of the Company's other stockholders, and the risk that these interests might influence their decision with respect to the transactions contemplated by the merger agreement (as more fully described in the section entitled "The Merger — Interests of Certain Persons in the Merger" beginning on page ~~57~~61);
- the fact that the Company has incurred and will continue to incur significant transaction costs and expenses in connection with the proposed transaction, regardless of whether the merger is consummated; and
- the fact that the receipt of cash in exchange for shares of Company common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes.

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

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

factor, supported or did not support its ultimate determination. The board of directors based its recommendation on the totality of the information presented.

In considering the recommendation of our board of directors with respect to the proposal to adopt the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, yours. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. See the section entitled "“The Merger—Interests of Certain Persons in the Merger”" beginning on page 5761.

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

Opinion of Qatalyst Partners LP

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

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

In arriving at its opinion, Qatalyst Partners reviewed the merger agreement, certain related documents and certain publicly available financial statements and other business and financial information of the Company. Qatalyst Partners also reviewed certain forward-looking information prepared by our management, including financial projections and operating data of the Company and sensitivities thereto based on a range of alternative operating metrics, which we refer to as the "“Management Projections”" described below in the section entitled "“The Merger — Certain Company Forecasts,”" beginning on page 51.54. The sensitivities were developed by the Company in order to assess

the potential financial impact of the significant business, economic and competitive uncertainties and contingencies inherent in the Management Projections described below in the section entitled "The Merger — Certain Company Forecasts," beginning on page 54. The sensitivities included various combinations of potential financial outcomes in our major lines of business, including businesses providing products for hard disk drive, flash storage, networking and server storage connectivity applications. Additionally, Qatalyst Partners discussed the past and current operations and financial condition and the prospects of the Company with our senior executives. Qatalyst Partners also reviewed the historical market prices and trading activity for the Company common stock and compared our financial performance and the prices and trading activity of the Company common stock with that of certain other selected publicly traded companies and their securities. In addition, Qatalyst Partners reviewed the financial terms, to the extent publicly available, of selected acquisition transactions and performed such other analyses, reviewed such other information and considered such other factors as Qatalyst Partners deemed appropriate.

In arriving at its opinion, Qatalyst Partners assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to, or discussed with, Qatalyst Partners by the Company. With respect to the Management Projections, Qatalyst Partners was advised by our management, and Qatalyst Partners assumed, that the Management Projections had been reasonably prepared on bases reflecting the best currently available estimates and judgments of our management of our future financial performance and other matters covered thereby. Qatalyst Partners assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement, without any modification or delay. In addition, Qatalyst Partners assumed, that in connection with the receipt of all the necessary approvals of the proposed merger, no delays, limitations, conditions or restrictions will be imposed that could have an adverse effect on us or the contemplated benefits expected to be derived in the proposed merger. Qatalyst Partners did not make any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the Company, nor was Qatalyst Partners furnished with any such evaluation or appraisal. In addition, Qatalyst Partners relied, without independent verification, upon the assessment of our management as to our existing and future technology and products and the risks associated with such technology and products. Qatalyst Partners' opinion has been approved by Qatalyst Partners' opinion committee in accordance with its customary practice.

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

The following is a brief summary of the material analyses performed by Qatalyst Partners in connection with its opinion dated December 15, 2013. The analyses and factors described below must be considered as a whole; considering any portion of such analyses or factors, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Qatalyst Partners' opinion. For purposes of its analyses, Qatalyst Partners utilized both the consensus of third-party research analysts' projections, which we refer to as the ""Analyst Projections"", and the Management Projections. Some of the summaries of the financial analyses include information

presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by Qatalyst Partners, the tables must be read together with the full text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Qatalyst Partners' financial analyses.

Illustrative Discounted Cash Flow Analysis

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

- adding:
  - (a) the implied net present value of the estimated future unlevered free cash flows of the Company, based on the Management Projections, for calendar year 2014 through calendar year 2018 (which implied present value was calculated by using a range of discount rates of 11.0% to 15.0%, based on an estimated weighted average cost of capital);
  - (b) the implied net present value of a corresponding terminal value of the Company, calculated by multiplying the estimated non-GAAP net operating profit after taxes (assuming an effective tax rate of 12%, which tax rate excludes the effect of the Company's estimated, remaining tax attributes, as such tax attributes were separately valued as set forth in item (c) below) in calendar year 2019, based on the Management Projections, by a range of multiples of enterprise value to next-twelve-months estimated non-GAAP net operating profit after taxes of 10.0x to 14.0x and discounted to present value using the same range of discount rates used in item (a) above;
  - (c) the implied present value of the Company's forecasted tax attributes outstanding as of January 1, 2019, based on the Company's projections, discounted to present value using the same range of discount rates used in item (a) above; and
  - (d) ~~(~~the cash and short-term investments of the Company estimated as of December 31, 2013;
- subtracting the Company's unfunded pension and post-retirement benefit obligations liability estimated as of December 31, 2013, from the amount calculated in the immediately preceding bullet;
- applying a dilution factor of 12% to reflect the dilution to current stockholders over the projection period due to the effect of future equity compensation grants projected by the Company's management; and
- dividing the resulting amount by the number of shares of the Company's common stock outstanding, adjusted for service-based RSUs, performance-based RSUs and stock options outstanding, as provided by our management as of December 1, 2013, using the treasury stock method.

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

Qatalyst Partners conducted a further DCF analysis to illustrate the sensitivity to changes in revenue and gross profit margin identified by our management based on a variety of risk factors to certain of our business units and on potential savings to calendar year 2019 operating expenses, in each case relative to the Management Projections. These sensitivities adjusted the Management Projections

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

Selected Companies Analysis

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

~~Altera Corporation~~
~~Avago Technologies, Ltd.~~
~~Broadcom Corporation~~
~~Cavium, Inc.~~
~~Freescale Semiconductor, Ltd.~~
~~Marvell Technology Group Ltd.~~
~~Mellanox Technologies, Ltd.~~
~~PMC Sierra, Inc.~~
~~Xilinx, Inc.~~

	CY2014E Revenue Multiples	CY2014E P/E Multiples
Altera Corporation	3.6x	19.8x
Avago Technologies, Ltd.	3.6x	13.3x
Broadcom Corporation	1.7x	11.2x
Cavium, Inc.	4.9x	25.1x
Freescale Semiconductor, Ltd.	2.4x	11.3x
Marvell Technology Group Ltd.	1.3x	12.5x
Mellanox Technologies, Ltd.	2.9x	22.9x
PMC-Sierra, Inc.	1.9x	14.8x
Xilinx, Inc.	4.0x	17.8x

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

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

Based upon research analyst consensus estimates for calendar year 2014 and using the closing prices as of December 13, 2013 for shares of the selected companies, Qatalyst Partners calculated,

among other things, the implied price to earnings per share multiples for calendar year 2014, which we refer to as the CY2014E P/E Multiples, for each of the selected companies. The low, high ~~and~~, median and mean CY2014E P/E Multiple among the selected companies analyzed were 11.2x, 25.1x ~~and~~, 14.8x and 16.5x, respectively, and the implied price to earnings per share multiple for calendar year 2014 for the Company was 11.5x based on the Analyst Projections.

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

No company included in the selected companies analysis is identical to the Company. In evaluating the selected companies, Qatalyst Partners made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters. Many of these matters are beyond the control of the Company, such as the impact of competition on our business and the industry in general, industry growth and the absence of any material adverse change in our financial condition and prospects of or the industry or in the financial markets in general. Mathematical analysis, such as determining the arithmetic mean, median, or the high or low, is not in itself a meaningful method of using selected company data.

Selected Transactions Analysis

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

~~Announcement Date~~	~~Target~~	~~Acquiror~~	NTM Revenue Multiple*	NTM P/E Multiple
August 15, 2013	Volterra Semiconductor Corporation	Maxim Integrated Products, Inc.	3.1x	30.5x
July 12, 2013	Spreadtrum Communications, Inc.	Tsinghua Unigroup Ltd.	1.6x	10.6x
June 22, 2012	MStar Semiconductor, Inc.	MediaTek, Inc.	2.1x	15.8x
May 2, 2012	Standard Microsystems Corporation	Microchip Technology Incorporated	1.8x	22.1x
September 12, 2011	NetLogic Microsystems, Inc.	Broadcom Corporation	8.3x	29.2x
April 4, 2011	National Semiconductor Corporation	Texas Instruments Incorporated	4.4x	21.5x
January 5, 2011	Atheros Communications, Inc.	QUALCOMM Incorporated	3.5x	23.5x
August 30, 2010	Infineon Technologies AG (Wireless Business)	Intel Corporation	0.7x	NM*
April 10, 2008	NXP B.V. (Wireless Business)	STMicroelectronics N.V. (Wireless Business)	NA*	NA*
December 13, 2007	AMIS Holdings, Inc.	ON Semiconductor Corporation	1.7x	13.3x
August 13, 2007	Sirenza Microdevices, Inc.	RF Micro Devices, Inc.	4.2x	22.8x
December 4, 2006	Agere Systems Inc.	LSI Logic Corporation	2.5x	22.6x
September 15, 2006	Freescale Semiconductor, Inc.	Investor Group	2.4x	20.3x
August 3, 2006	Royal Philips Electronics (NXP Semiconductor N.V.)	Investor Group	1.6x	NA*
July 30, 2006	msystems Ltd.	SanDisk Corporation	1.4x	23.4x
July 23, 2006	ATI Technologies Inc.	Advanced Micro Devices, Inc.	1.8x	26.2x
March 8, 2006	Lexar Media, Inc.	Micron Technology, Inc.	0.8x	NM*
January 9, 2006	Texas Instruments Incorporated (Sensors and Controls Units)	Bain Capital, LLC	3.5x	NA*
August 15, 2005	Agilent Technologies, Inc. (Semiconductor Products Division)	Investor Group (Kohlberg Kravis Roberts & Co. and Silver Lake Partners)	NA*	NA*
June 15, 2005	Integrated Circuit Systems, Inc.	Integrated Device Technology, Inc.	5.9x	30.2x
March 10, 2002	Elantec Semiconductor Inc.	Intersil Corporation	12.0x	NM*
May 15, 2001	Sawtek Inc.	TriQuint Semiconductor Inc.	9.8x	34.4x
January 29, 2001	Dallas Semiconductor Corporation	Maxim Integrated Products, Inc.	4.6x	28.2x

* "NA" means not publicly available. "NM" means not meaningful. Multiples greater than 50.0x or less than 0.0x are considered not meaningful.

For each of the transactions listed above, Qatalyst Partners reviewed, among other things, the implied fully diluted enterprise value of the target company as a multiple of the next-twelve-months revenue of the target company, as reflected in Wall Street analyst research, certain publicly available financial statements and press releases. Based on the analysis of such metrics for the transactions noted above, Qatalyst Partners selected a representative range of 2.0x to 3.0x applied to our ~~next twelvemonths~~next-twelve-months (ending September 30, 2014) estimated revenue reflected in the Analyst Projections. Based on the calculations set forth above and the Company's fully-diluted shares (assuming treasury stock method), including common stock, service-based RSUs, performance-based RSUs and options outstanding as provided by our management for the period ended December 1, 2013, this analysis implied a range of values for the Company common stock of approximately $8.48 to $12.39 per share.

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

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

Miscellaneous

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

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

Qatalyst Partners' opinion and its presentation to our board of directors was one of many factors considered by our board of directors in deciding to approve the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of our board of directors with respect to the consideration to be received by our stockholders pursuant to the merger or of whether our board of directors would have been willing to agree to a different consideration. The consideration was determined through arm's-length negotiations between the Company and Avago and was approved by our board of directors. Qatalyst Partners provided advice to us during these

negotiations. Qatalyst Partners did not, however, recommend any specific consideration to us or that any specific consideration constituted the only appropriate consideration for the merger.

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

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

Certain Company Forecasts

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

In connection with the Company's annual strategic planning process, our management prepares financial projections that include a forecast for the current year and projections for the three subsequent years. The first year of the projection period is periodically refined and updated to take into account the Company's actual financial results during the final fiscal quarters of the current year, as well as changes in the outlook for our businesses and the economic environment, before being finalized as the Company's financial plan for that period. These financial projections are not intended for public disclosure. In connection with the evaluation of the Company's strategic alternatives, in October of 2013, our management provided such non-public financial projections covering CY2014 – CY2016, summarized below under the heading "“Management Projections"”, to interested parties that entered into confidentiality agreements with us, including to Avago and Silver Lake. Our management also provided such non-public financial projections covering CY2014 – CY2019, summarized below under the heading "“Management Projections"”, to Qatalyst Partners in connection with Qatalyst Partners' preparation of Qatalyst Partners' opinion as to the fairness, from a financial point of view, of the consideration to be received by the holders of the Company common stock, other than Avago USA and any affiliates of Avago USA, pursuant to the merger agreement, described further in "“The Merger — Opinion of ~~Our Financial Advisor~~"Qatalyst Partners LP" beginning on page ~~44~~47. Pursuant to the Company's normal process of refining its financial projections throughout the year, the projections for our 2014 revenue and non-GAAP earnings per share originally included in the Management Projections were updated by our management in December of 2013 to reflect our updated view of our 2014 revenue and non-GAAP earnings per share based on our estimated results for the fourth quarter of fiscal 2013 and our most recent view at that time of the outlook for our

various businesses over the coming year. Our updated 2014 revenue projections and non-GAAP earnings per share were provided to Avago, Silver Lake and Qatalyst Partners and are summarized below under the heading "“Updated Selected 2014 Financial Information"”.

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

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

Although presented with numerical specificity, the financial projections and forecasts included in this proxy statement are based on numerous estimates, assumptions and judgments (in addition to those described below) that may not be realized and are inherently subject to significant business, economic and competitive uncertainties and contingencies related to various factors, including growth rates of the end markets in which we participate, timely completion of our product development schedules, the competitiveness of our current or future products relative to those of our competitors, the production plans and product transition schedules of our customers, and the acceptance in the marketplace of our customers' products that incorporate our products and the other factors listed in this proxy statement under the section entitled "“Cautionary Note Regarding Forward-Looking Statements"” beginning on page ~~23~~24. These or other factors may cause the financial projections or the underlying assumptions and estimates to be inaccurate. Since the financial projections cover multiple years, such information by its nature becomes less reliable with each successive year. The financial projections also do not take into account any circumstances or events occurring after the date they were prepared. The inclusion of the financial projections and forecasts in this proxy statement shall not be deemed an admission or representation by the Company that such information is material. **The inclusion of the projections should not be regarded as an indication that the Company considered or now considers them to be a reliable prediction of future results and you should not rely on them as such**. Accordingly, there can be no assurance that the financial projections will be realized, and actual results may vary materially from those reflected in the projections. You should read the section entitled "“Cautionary Note Regarding Forward-Looking Statements"” beginning on page ~~23~~24 for additional information regarding the risks inherent in forward-looking information such as the financial projections.

Our revenue projections reflect our views of the growth potential of our various lines of business, and incorporate the business, economic and competitive uncertainties and contingencies. With these various factors in mind, we developed the revenue projections for each of our major lines of business. We anticipate that each of our major product-related businesses will grow over the forecast period. We anticipate that our intellectual property licensing business will be flat to slightly declining over the forecast period.

With respect to our storage products, we expect that the revenue from products we supply for hard disk drive applications and server storage connectivity will grow in aggregate at a rate approximately commensurate with the estimated nominal growth rate of the U.S. economy over the forecast period. We expect that the revenue in our flash storage applications, including PCIe flash adapters and flash storage processors, will grow at a much faster rate than our hard disk drive and server storage connectivity products, given the strong and growing demand for flash-based storage. Our projections assume that revenue from our products for flash storage applications in aggregate will more than quadruple between 2013 and 2019 based upon the demand trends in that area of our business.

With respect to our networking products, we expect that our revenues from products including custom networking applications, communication processors, network processors, and various other networking products in aggregate will more than double between 2013 and 2019. This forecast reflects revenues expected to be generated from product design wins previously awarded to us by our customers and expectations of favorable demand trends over the forecast period for products that our products are incorporated into, such as wireless network access systems, enterprise networking and data center networking equipment.

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

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

Management Projections

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

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

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

Updated Selected 2014 Financial Information

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

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

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

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

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

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

Financing of the Merger

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

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

will be funded through a combination of:

- $1 billion of cash from the combined balance sheet of Avago and the Company;
- a $1 billion investment from Silver Lake Partners IV, L.P. in the form of ~~seven year~~seven-year 2% senior convertible notes with an initial conversion rate for the notes of 20.8160 shares of Avago ordinary shares per ~~note~~$1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $48.04 per Avago share, initially (subject to adjustment under certain circumstances) or preferred stock with equivalent economic terms; and
- a $4.6 billion term loan facility from a group of lenders.

Avago Technologies Finance Pte. Ltd., a company incorporated under the Singapore Companies Act, and an indirect wholly owned subsidiary of Avago, which we refer to as Avago Finance, has obtained the debt commitment letter described below and Avago has entered into the note purchase agreement described below, which we refer to collectively with certain other related documents as the financing documents. The funding under the financing documents is subject to certain conditions, including conditions that do not relate directly to the merger agreement. We believe the amounts committed under the financing documents will be sufficient to complete the merger, but we cannot assure you of that. Those amounts might be insufficient if, among other things, one or more of the parties to the financing documents fails to fund the committed amounts in breach of such financing documents or if the conditions to such commitments are not met. Although obtaining the proceeds of any financing, including the financing under the financing documents, is not a condition to the completion of the merger, the failure of Avago Finance or Avago to obtain any portion of the committed financing (or alternative financing) is likely to result in the failure of the merger to be completed. In that case, Avago USA may be obligated to pay the Company a reverse termination fee, which we refer to as the Avago termination fee, of $400 million as described under ~~"~~“The Merger Agreement — Termination Fees~~"~~” beginning on page ~~89~~94.

Debt Financing

In connection with entering into the merger agreement, Avago Finance received a commitment letter from Deutsche Bank Securities Inc., which we refer to as Deutsche Bank, Deutsche Bank AG

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

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

- a $4.6 billion senior secured term loan credit facility; and
- a $500 million senior secured revolving credit facility (including a sublimit for letters of credit and swingline facility for short-term borrowings for mutually agreed upon amounts).

The commitment parties may invite other banks, financial institutions and institutional lenders to participate in the debt financing. Deutsche Bank NY will act as administrative agent and collateral agent for the debt financing. The debt commitment letter expires on the earliest of (i) the consummation of the merger with or without the debt financing, (ii) prior to the consummation of the merger, the termination of the merger agreement in a signed writing in accordance with its terms and (iii) September 23, 2014. The commitments of the initial lenders to provide the debt financing are subject to the satisfaction of a number of customary conditions, including but not limited to the following:

- execution and delivery of customary definitive documentation relating to the credit facilities;
- since December 15, 2013, the non-occurrence of any ~~"~~“company material adverse effect~~"~~” (as defined in the debt commitment letter, which definition conforms to the definition of Company material adverse effect set forth in the merger agreement);
- consummation of the merger in all material respects in accordance with the terms of the merger agreement, without giving effect to any amendments, modifications, consents or waivers thereto or thereunder that are material and adverse to the lenders or the commitment parties without the prior written consent of Deutsche Bank, Citi, Barclays and Merrill Lynch, which we refer to as the lead arrangers, such consent not to be unreasonably withheld, conditioned or delayed;
- substantially simultaneous consummation of the refinancing of certain existing indebtedness of Avago and the issuance of the notes, described in ~~"~~“The Merger — Financing; Convertible Notes~~"~~” on page 59;
- delivery of certain historical and pro forma financial statements and allowance for a 15 consecutive calendar day period to syndicate the debt financing following delivery of such historical and pro forma financial statements;
- execution and delivery (if applicable, in proper form for filing) of documents and instruments required to create and perfect security interests in certain collateral, subject to certain exceptions;
- receipt by the initial lenders of customary legal opinions, customary evidence of authorization and a certification as to the solvency of Avago and its subsidiaries on a consolidated basis (after giving effect to the merger and the incurrence of indebtedness related thereto);

- the consummation of the debt financing on or before September 23, 2014;
- the accuracy in all material respects of certain specified representations and warranties related to the merger agreement and the merger; and
- the payment of all fees and expenses due and payable in connection with the debt financing.

Convertible Notes

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

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

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

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

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

At any time following the fifth anniversary of the date of issuance of the notes, Avago may elect to redeem the notes if the closing sale price of the Avago shares for 20 or more trading days in the period of 30 consecutive trading days ending on the trading day immediately prior to the date on which Avago provides notice of such redemption exceeds 150% of the applicable conversion price in effect

on each such trading day. The redemption price will be payable in cash and will equal the sum of 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any. Avago may also redeem all or part of the notes for certain tax reasons as provided in the indenture.

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

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

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

Closing and Effective Time of Merger

Unless the parties otherwise agree in writing, the closing of the merger will take place no later than the third business day following the date on which the last of the conditions to closing of the merger (described under "The Merger Agreement — Conditions to the Merger" beginning on page 8691) has been satisfied or waived (other than those conditions that by their terms are not capable of being satisfied or waived until the closing of the merger, but subject to the satisfaction or waiver of such conditions), or at such other date and time as Avago USA and the Company have otherwise agreed in writing, provided that if the marketing period (as described under "The Merger Agreement — Closing and Effective Time of the Merger; Marketing Period" beginning on page 6872) has not ended at the time of the satisfaction or waiver of all of the conditions to closing of the merger (other than those conditions that by their terms are not capable of being satisfied until the closing of the merger), the closing shall not occur until the earlier to occur of (a) a date during the marketing period specified by Avago USA on three business days written notice to the Company and (b) the first business day following the final day of the marketing period, subject in each case to the satisfaction or waiver of all of the conditions to closing on such date.

Payment of Merger Consideration and Surrender of Stock Certificates

Each record holder ofIf your shares of Company common stock (other than holders of solely the excluded shares) will be sentare held on your behalf by a bank, brokerage firm or other nominee, although each bank, brokerage firm or other nominee establishes its own procedures, we believe that payment for those shares will be deposited in your account with such bank, brokerage firm or other nominee promptly after consummation of the merger. If you hold only book entry shares at Computershare, we believe that the paying agent will mail you a check in the amount of the merger consideration for those shares approximately one week after consummation of merger. If you hold LSI stock certificates or if you hold a stock certificate from a company that was acquired by LSI and never exchanged that certificate for Company common stock and the shares represented by that certificate have not been delivered to a government authority under unclaimed property, escheat or similar laws, the paying agent will mail you a letter of transmittal describing how such holder may exchange its shares of Company common stock for the per share merger consideration promptly, and in any event within five business days, after of the completionconsummation of the merger., that you must complete and return to the paying agent. Once the paying agent receives your properly completed letter of transmittal and stock certificate(s), the paying agent will mail you a payment check in the amount of the merger consideration for your certificated shares and for your book entry shares, if any.

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

~~You~~If you hold LSI stock certificates or if you hold a stock certificate from a company that was acquired by LSI and never exchanged that certificate for Company common stock, you will not be entitled to receive the per share merger consideration until you deliver a duly completed and executed letter of transmittal to the paying agent. ~~If your shares are certificated, you~~You must also surrender your stock certificate or certificates to the paying agent. **If you have lost a stock certificate, or if it has been stolen or destroyed, then to receive your per share merger consideration with respect to the shares of Company common stock represented by that stock certificate, you will have to make an affidavit of the loss, theft or destruction of that stock certificate and, if required by Avago USA, post a bond as indemnity against any claim that may later be made with respect to such stock certificate.** If ownership of your shares is not registered in the transfer records of the Company, a check for any cash to be delivered will only be issued if the applicable letter of transmittal is accompanied by all documents reasonably required by the Company to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid or are not applicable.

Interests of Certain Persons in the Merger

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

Treatment of Outstanding Equity Awards

Pursuant to the Company's equity incentive plans and programs, certain Company equity awards held by its executive officers and directors that are outstanding immediately prior to the closing of the Merger will be subject to accelerated vesting or assumption by Avago at the effective time of the merger, as described in more detail in the section entitled ~~"~~"The Merger Agreement — Treatment of Company Common Stock, Options, Restricted Stock and Restricted Stock Units~~"~~" on page ~~69~~73 of this proxy statement.

The following table shows as of ~~January 13~~February 19, 2014, for each person who has been an executive officer since January 1, 2013, (i) the number of shares subject to vested options held by him or her, (ii) the cash consideration that he or she will receive for such vested options upon completion of the merger, (iii) the number of shares subject to unvested options held by him or her to be assumed by Avago, (iv) the value of the unvested options held by him or her to be assumed by Avago, (v) the number of shares subject to restricted stock units held by him or her to be assumed by Avago, (vi) the value of the restricted stock units held by him or her to be assumed by Avago upon the completion of the merger, (vii) the payment he or she will receive for all vested equity awards, and (viii) the total value of assumed equity awards, in each case, calculated assuming the merger is consummated on February 19, 2014. The values in the table below are based on the per share merger consideration of $11.15 and assume that each executive officer will be a continuing employee. The actual values of the

assumed Company options and restricted stock units are to be based on the Exchange Ratio, which cannot be determined until the closing date of the merger.

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Name	Number of Shares Subject to Vested Options (#)	Cash-Out Cash-Out Payment for Vested Option Vested Options ($)s	Number of Shares Subject to Unvested Number of Shares Subject to Unvested Options to Be Assumed Assumed (#)	Value of Unvested Value of Unvested Options to Be Assumed Assumed ($)(1)	Number of Shares Subject to Unvested Restricted Number of Shares Subject to Unvested Restricted Stock Units to Be Assumed Be Assumed (#)(12)	Value of Unvested Restricted Stock Units to Be Assumed ($)(3)	Total Payment for Vested Equity Award Awards ($)	Total Value of Assumed Equity AwardAwards ($)
Executive Officers								
Abhijit Y. Talwalkar	5,306,219 4,906,219	33,312,544 32,361,544	2,470,011	10,289,404	1,009,012	11,250,478	33,312,544 32,361,544	21,539,882
D. Jeffrey Richardson	2,002,067 1,802,067	11,907,841 11,527,841	1,918,990	7,625,674	505,773	5,639,369	11,907,841 11,527,841	13,265,043
Bryon Look	1,762,835 1,562,835	10,513,128 10,133,128	923,026	3,877,444	374,035	4,170,485	10,513,128 10,133,128	8,047,929
Jean F. Rankin	867,061 767,061	4,873,762 4,781,762	588,183	2,409,345	232,166	2,588,645	4,873,762 4,781,762	4,977,990
Gautam Srivastava	110,061	481,860	538,308	2,150,998	213,527	2,380,820	481,860	4,531,818
Gregory L. Huff	209,413	717,412	501,740	1,890,852	315,444	3,517,195	717,412	5,408,047

(1) The value of each unvested option to be assumed is the difference between $11.15 per share and the exercise price of the option multiplied by the number of shares subject to the unvested option as of February 19, 2014.

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

(3) The value of the Company restricted stock units is based on a price of $11.15 per share.

The following table shows as of January 13February 19, 2014, for each person who has been a director since January 1, 2013, (i) the number of shares subject to vested options held by him or her, (ii) the cash consideration that he or she will receive for such vested options upon completion of the merger, (iii) the number of shares subject to unvested options held by him or her, (iv) the cash consideration that he or she will receive for such unvested options upon completion of the merger (the vesting of all unvested options held by directors will be accelerated upon completion of the merger), (v) the number of shares subject to restricted stock units held by him or her that would be subject to accelerated vesting upon completion of the merger, (vi) the value of the payment that he or she will receive for such restricted stock units upon completion of the merger, (vii) the total payments he or she will receive for all unvested equity awards and (viii) the total consideration he or she will receive for all outstanding equity awards, in each case, calculated assuming the merger is consummated on February 19, 2014. The values in the table below are based on the per share merger consideration of $11.15.

Name	Number of Shares Subject to Vested Options (#)	Cash-Out ~~Cash-Out~~ Payment for ~~Vested~~ Vested Options ($)	Number of Shares Subject to Unvested Options (#)	Cash-Out Payment for Unvested Options ($)	Number of Shares Subject to Unvested Restricted Stock Units (#)	Value of Payment for Unvested Restricted Stock Units ($)	Total Payment for Unvested Equity Awards ($)	Total Payment for Outstanding Equity Awards ($)
Non-Employee Directors								
Charles A. Haggerty	231,528	850,051	—	—	9,288	103,561	103,561	953,612
Richard S. Hill	311,528	1,506,951	—	—	9,288	103,561	103,561	1,610,512
John H.F. Miner	341,528	1,576,551	—	—	9,288	103,561	103,561	1,680,112
Arun Netravali	311,528	1,506,951	—	—	9,288	103,561	103,561	1,610,512
Charles C. Pope	126,404	489,713	—	—	9,288	103,561	103,561	593,275
Gregorio Reyes	~~401,528~~ 371,528	~~1,726,851~~ 1,676,151	—	—	9,288	103,561	103,561	~~1,830,412~~ 1,779,712
Michael G. Strachan	251,528	1,300,851	—	—	9,288	103,561	103,561	1,404,412
Susan M. Whitney	96,641	374,280	—	—	9,288	103,561	103,561	477,841

2014 Equity Compensation Grants

The Company ~~expects to make~~made 2014 equity compensation grants to employees, including the executive officers, ~~in~~and directors on March 1, 2014~~, before the merger is consummated~~. Under the merger agreement and disclosure schedule delivered by the Company in connection with the merger agreement, the Company may grant up to 8,300,000 Company restricted stock units and 2,200,000 Company stock options ~~awards~~ as part of its annual equity compensation grant program, provided that the Company will consult in good faith with Avago and Avago USA regarding any grants to employees of the Company at the level of senior director or above, and the Company may make additional equity grants to new hires. The Company may also make grants to employees of the Company or any of its subsidiaries at the level below vice president, provided that any such grant to any individual does not exceed 75,000 Company stock options (with each Company restricted stock unit granted deemed equivalent to 2.5 Company stock options) and the aggregate of such grants does not exceed 2,500,000 Company stock options (with each Company restricted stock unit granted deemed equivalent to 2.5 Company stock options). The total number of shares of Company common stock subject to all such awards that the Company may grant before the effective time of the merger may not exceed 15,000,000.

Annual Bonus Programs

The Company ~~will determine~~has determined the amount of the 2013 fiscal year annual cash bonuses for eligible employees who participate in the LSI 2013 fiscal year annual cash bonus program, including the executive officers, in the ordinary course of business, based on actual performance and level of achievement of the applicable performance targets in accordance with the terms of the LSI 2013 fiscal year annual cash bonus program as approved by the Compensation Committee of our Board of Directors. The Company ~~will establish~~established an annual bonus program for ~~the fiscal year ending December 31, 2014.~~2014, which provides for payment of a part-year bonus to any employee who becomes entitled to severance under one of the Company's severance plans or policies after the closing of the merger and prior to the payment date for the fiscal-year 2014 bonuses. Such bonuses will be based on the Company's non-GAAP operating income between January 1, 2014 and the date on which the merger is consummated and the employees the Company has on its payroll as of the closing of the merger.

Severance Agreements

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

- a lump sum cash payment in an amount equal to 2.0 times (2.75 times in the case of Mr. Talwalkar) the sum of his or her (i) annual base salary as in effect immediately prior to termination of employment and (ii) target cash bonus under the Company's annual bonus plan for the then-current performance period, to be paid no later than March 15th of the year following the year in which the termination occurred;
- reimbursement of monthly COBRA premiums for continued benefits under the Company's health plans for the executive officer and his or her eligible dependents for eighteen months following the date employee coverage under such health plans terminates; and
- accelerated vesting of any outstanding equity awards granted prior to December 15, 2013.

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

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

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

Named Executive Officer	Cash ($)(1)	Part Year Bonus Under the 2014 Bonus Plan ($)(2)	Equity ($)(23)	Perquisites/ Benefits ($)(34)	Total ($)
Abhijit Y. Talwalkar	~~5,550,000~~ 5,500,000	400,000	12,896,633	37,912	~~18,484,545~~ 18,834,545
D. Jeffrey Richardson	2,475,000	229,167	8,992,845	37,912	~~11,505,757~~ 11,734,924
Bryon Look	1,800,000	150,000	4,538,649	37,912	~~6,376,561~~ 6,526,561
Jean F. Rankin	1,470,000	105,000	3,066,410	29,561	~~4,565,971~~ 4,670,971
Gautam Srivastava	1,400,000	100,000	2,962,198	37,912	~~4,400,110~~ 4,500,110

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

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

(2) *Part Year Bonus Under the 2014 Bonus Plan.* As described above, the Company's employees, including the named executive officers, are entitled to a part year bonus upon a qualifying termination under any of the Company's severance plans or policies that occurs on or after the closing of the merger and prior to payment of fiscal-year 2014 bonuses. The amounts in the table represent a pro-rata portion of each named executive officer's target bonus. The actual cash bonus paid would be based on the extent to which performance measures are achieved by the Company and the employees on its payroll as of the closing of the merger.

(~~2~~3) *Equity*. Reflects the value of the unvested stock options and ~~restrict~~restricted stock units that would vest in full effective as of the date of the termination of employment under the terms of the CIC

program. In the case of restricted stock units that are subject to performance-based vesting, attainment of all applicable performance goals is assumed at a level resulting in the payout of target awards. The value of the accelerated vesting of the Company restricted stock units is based on a price of $11.15 per share. The value of the unvested and accelerated Company options is the difference between ~~the value of~~ $11.15 per share and the exercise price of the option, multiplied by the number of unvested ~~shares~~options as of May 1, 2014 consistent with the methodology applied under SEC Regulation M-A Item 1011(b) and Regulation S-K Item 402(t)(2). The amounts in this column for the unvested and accelerated Company options (i) do not represent either the value of the assumed unvested options for accounting purposes nor the amount, if any, that will actually be realized by the individual upon future exercise or other disposition of the unvested options and (ii) do not reflect any taxes payable by the option holders. The value of accelerated restricted stock units and accelerated Company options for each named executive officer are as follows:

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

(~~3~~4) *Perquisites/Benefits*. Represents the value of reimbursement of COBRA premiums for continued benefits under the Company's health plans for the executive officer and his or her dependents payable in connection with a defined employment termination under the terms of the CIC program (valued at $32,512 with respect to Messrs. Talwalkar, Richardson, Look and Srivastava and at $24,161 with respect to Ms. Rankin) and outplacement services valued at $5,400 for each named executive officer.

Arrangements With the Surviving Corporation

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

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

For six years following the merger, Avago USA will, and will cause the surviving corporation and its subsidiaries to, cause the certificate of incorporation and bylaws (or comparable organizational or governing documents) of the surviving corporation and its subsidiaries to contain provisions with

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

Pursuant to the merger agreement, for a one-year period commencing at the effective time of the merger, Avago has agreed to provide or cause the surviving corporation to provide to continuing employees, a base salary, bonus opportunity, severance, health and welfare benefits no less favorable than the base salary, bonus opportunity, severance, health and welfare benefits being provided to such employees immediately prior to the effective time of the merger. In addition, Avago has agreed to or cause the surviving corporation to honor the Company's change in control and severance plans and policies for the one-year period commencing at the effective time of the merger (subject to certain permitted amendments as may be necessary for tax reasons). A more complete description of the benefits provided to Company employees under the merger agreement is under the heading "The Merger Agreement — Employee Benefit Matters" beginning on page 8489.

Accounting Treatment

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

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

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

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

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

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

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner will generally depend on the status of the

Stockholders Meeting

We are required to take all action in accordance with Delaware law and our certificate of incorporation and bylaws necessary to duly call, give notice of and convene a meeting of our stockholders as promptly as reasonably practicable, and in no event later than 45 days following the date of clearance by the SEC of this proxy statement, to consider and vote upon the adoption of the merger agreement, provided however, that we may elect not to take such actions if our board of directors effects a change of board recommendation in compliance with our obligations described at page 7984 of this proxy statement under the heading "“The Merger Agreement — No Solicitation of Acquisition Proposals.”" Subject to the provisions described at page 7984 of this proxy statement under the heading "“The Merger Agreement — No Solicitation of Acquisition Proposals,”" our board of directors will recommend that our stockholders vote to adopt the merger agreement, include such recommendation in this proxy statement, and will solicit adoption of the merger agreement.

No Solicitation of Acquisition Proposals

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

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

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

However, at any time prior to obtaining stockholder approval of the proposal to adopt the merger agreement and so long as we are not in material breach of our non-solicitation obligations under the merger agreement, in the event that we receive, a *bona fide* written acquisition proposal, we and our board of directors may engage in negotiations or discussions with, or furnish any information to, any third party making such acquisition proposal and its representatives if our board of directors determines in good faith, after consultation with its outside legal and financial advisors, that such acquisition proposal constitutes, or is reasonably likely to result in, a superior proposal and that such action is necessary to comply with our directors' fiduciary duties to our stockholders under the DGCL. WeIn the

merger agreement, which sets forth the circumstances in which we can provide information to and engage in dialogue with any party that provides a *bona fide* written acquisition proposal (as defined in the merger agreement) that is or may lead to a superior proposal, we agreed that we may not, and shall not allow any of our subsidiaries or our ~~or our~~ subsidiaries' ~~respective~~ representatives to, furnish any information to any such third party making the acquisition proposal without first entering into a confidentiality agreement containing customary limitations on the use and disclosure of all ~~nonpublic~~non-public written and oral information furnished to such third party by or on our or our subsidiaries' behalf and containing standstill provisions no less favorable to us than the standstill provisions contained in the confidentiality agreement we entered into with Avago, and promptly providing to Avago USA any such information provided to such third party. ~~These~~However, the standstill ~~provisions~~provision in the confidentiality agreement entered into with Avago contains an exception permitting acquisition proposals made at the invitation of our board of directors. In the event that we receive a proposal or expression of interest from a third party in compliance with the merger agreement and our board of directors determines, among other things, that such proposal or expression of interest constitutes, or is reasonably likely to result in, a superior proposal, our board would extend a written invitation to such bidder to present such acquisition proposal, which invitation would permit such third party to amend its proposal with a new superior proposal in the event that such third party's prior proposal is matched or exceeded by Avago in the exercise of Avago's matching rights provided for in the merger agreement. The standstill provision in the confidentiality agreement that such third party would enter into with the Company would not restrict such third party from proceeding with ~~their~~its proposal, requesting and receiving non-public information about us and our subsidiaries, engaging in discussions with us with respect to the proposal and, if our board determines that the proposal constitutes a superior proposal and provided that we comply with our non-solicitation obligations under the merger agreement, entering into a definitive agreement with us with respect to the proposal. Accordingly, notwithstanding any reference in the merger agreement to the execution of confidentiality agreements containing standstill provisions no less favorable to us than the standstill provisions contained in the confidentiality agreement we entered into with Avago, potential bidders will be able to present us with a potentially superior proposal and will be able to obtain confidential due diligence material and present improved bids regardless of the standstill provision in the confidentiality agreement that such third party would enter into with the Company.

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

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

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

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

- any acquisition proposal;
- the public announcement of discussions among the parties regarding a potential transaction, the public announcement, execution, delivery or performance of the merger agreement, the identity of Avago, Avago USA or Merger Sub, or the public announcement, pendency or consummation of the transactions contemplated by the merger agreement;
- any change in the trading price or trading volume of Company Common Stock on NASDAQ or any change in the Company's credit rating (although any underlying facts, events, changes, developments or set of circumstances may be considered, along with the effects or consequences thereof);
- the fact that the Company has exceeded or met any projections, forecasts, revenue or earnings predictions or expectations of the Company or any securities analysts for any period ending (or for which revenues or earnings are released) on or after the date of the merger agreement (although any underlying facts, events, changes, developments or set of circumstances relating to or causing such material improvement or improvements may be considered, along with the effects or consequences thereof);
- changes in GAAP, other applicable accounting rules or applicable law or changes in the interpretation thereof after the date of the merger agreement; or
- any changes in general economic or political conditions, or in the financial, credit or securities markets in general, including changes in interest rates, exchange rates, stock, bond and/or debt prices.

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

- our board of directors determines in good faith, after consultation with its outside counsel and financial advisors, that such acquisition proposal constitutes a superior proposal;
- our board of directors determines in good faith, after consultation with its outside counsel and financial advisors, that such action is necessary to comply with our directors' fiduciary duties to our stockholders under the DGCL;
- we have notified Avago USA in writing, at least four business days in advance, of such proposed termination, which notice shall:
  - specify the material terms and conditions of such superior proposal;

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

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

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

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

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

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

In the merger agreement, we agreed not to terminate, waive, amend or modify any provision of, or grant permission under, any standstill or confidentiality agreement to which we or any of our subsidiaries is a party, and we agreed to enforce the provisions of each such confidentiality agreement. However, upon execution of the merger agreement, the only standstill provisions that remain in effect from the Company's strategic process are the standstill provisions in the confidentiality agreements entered into with Avago and its financing source, Silver Lake. Upon our entry into the merger agreement, Party A, Party B, and Party C were and remain free to present a superior proposal in accordance with the terms of the merger agreement. Party D, which did not enter into a confidentiality agreement with the Company, was and remains free to present a superior proposal in accordance with the terms of the merger agreement.

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

For the purposes of the merger agreement, the term "superior proposal" is defined as any *bona fide* written acquisition proposal (with all references to 15% in the definition of acquisition proposal

being treated as references to 50%) that is made by a third party that our board of directors determines in good faith, after consultation with its outside legal counsel and financial advisors, is reasonably capable of being consummated, and if consummated would be more favorable to our stockholders from a financial point of view than the transactions contemplated by the merger agreement, taking into account (i) all financial, regulatory, legal and other aspects of such acquisition proposal (including the existence of financing conditions, the conditionality of any financing commitments and the likelihood and timing of consummation) and (ii) any adjustment to the terms and conditions of the merger agreement agreed to by Avago USA and Avago in writing.

Filings; Other Actions; Notification

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

- take, or cause to be taken, all appropriate actions and do, or cause to be done, and to assist and cooperate with the other parties to the merger agreement in doing all things necessary, proper or advisable under applicable law or otherwise to consummate and make effective the transactions contemplated by the merger agreement as promptly as practicable; and
- obtain from any governmental authority any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained by Avago or any of its subsidiaries or us or any of our respective subsidiaries, or to avoid any legal proceeding by any governmental authority, in connection with the authorization, execution and delivery of the merger agreement and the consummation of the transactions contemplated thereby.

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

- make all necessary registrations, declarations, submissions and filings, and thereafter make any other required registrations, declarations, submissions and filings, and pay any fees due in connection therewith, with respect to the merger agreement and the transactions contemplated thereby required under the Exchange Act, any other applicable federal or state securities laws, the HSR Act, any other applicable antitrust laws, and any other applicable law;
- take, or cause to be taken, such actions and agree to any reasonable action, restriction or condition as may be requested or required by any governmental authority in connection with obtaining any affirmative approval or clearance required under any antitrust laws in the People's Republic of China, the Russian Federation and the Federal Republic of Germany, except if any of the aforementioned actions, either individually or in the aggregate, are or would reasonably be expected to be significant to the business of us and our subsidiaries, taken as a whole;
- make appropriate filings with CFIUS pursuant to the DPA with respect to the transactions contemplated by the merger agreement and comply with any additional requests for information by any antitrust authority or CFIUS;
- take, or cause to be taken, such actions and agree to any reasonable action, restriction or condition to mitigate any national security concerns as may be requested or required by CFIUS or any other agency or branch of the U.S. government in connection with, or as a condition of, obtaining clearance of the transaction by CFIUS, except if any such actions, either individually or in the aggregate, are or would reasonably be expected to be significant to the business of us and our subsidiaries, taken as a whole;