AGERE SYSTEMS INC
Form DEF 14A
February 08, 2007

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**
**SCHEDULE 14A**
**Proxy Statement Pursuant to Section 14(a) of the**
**Securities Exchange Act of 1934**
**(Amendment No. __)**

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check appropriate box:
o Preliminary Proxy Statement
o Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material under Rule 14a-12

**AGERE SYSTEMS INC.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (Check the appropriate box):
þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

The boards of directors of each of LSI Logic Corporation and Agere Systems Inc. have approved the merger of Agere with a wholly owned subsidiary of LSI. If the proposed merger is completed, Agere stockholders will receive 2.16 shares of LSI common stock for each share of Agere common stock they own at the completion of the merger.

Based on the number of shares of LSI and Agere common stock outstanding on January 31, 2007, Agere stockholders are expected to hold approximately 48% of the fully diluted shares of LSI common stock following the completion of the merger. LSI stockholders will continue to own their existing shares, which will not be adjusted by the merger.

LSI common stock trades on the New York Stock Exchange under the symbol LSI. As of February 2, 2007, the last trading day before the date of this joint proxy statement/prospectus, the last reported sales price of LSI common stock at the end of regular trading hours, as reported on the New York Stock Exchange, was $9.28.

LSI and Agere cannot complete the merger unless LSI stockholders approve the issuance of shares of LSI common stock in the merger and Agere stockholders adopt the merger agreement. The obligations of LSI and Agere to complete the merger are also subject to the satisfaction or waiver of several other conditions to the merger. More information about LSI, Agere and the merger is contained in this joint proxy statement/prospectus. **We encourage you to read carefully this joint proxy statement/prospectus before voting, including the section entitled Risk Factors beginning on page 14.**

**The LSI board of directors recommends that LSI stockholders vote FOR the proposal to approve the issuance of shares of LSI common stock in the merger. The Agere board of directors recommends that Agere stockholders vote FOR the proposal to adopt the merger agreement.**

The proposals are being presented to the respective stockholders of each company at their special or annual meetings. The dates, times and places of the meetings are as follows:

For LSI stockholders: March 29, 2007 at 10:00 a.m., local time, at
1621 Barber Lane, Milpitas, California

For Agere stockholders: March 29, 2007 at 9:00 a.m., local time, at
The Edward Nash Theater
Raritan Valley Community College
Route 28W and Lamington Road
North Branch, New Jersey 08876

**Your vote is very important.** Whether or not you plan to attend your respective company s meeting, please take the time to vote by completing and returning the enclosed proxy card to your respective company or, if the option is available to you, by granting your proxy electronically over the Internet or by telephone. If your shares are held in street name, you must instruct your broker in order to vote.

Sincerely,

Abhijit Y. Talwalkar
President and Chief Executive Officer

Richard L. Clemmer
President and Chief Executive Officer

LSI Logic Corporation Agere Systems Inc.

None of the Securities and Exchange Commission, any state securities regulator or any regulatory authority has approved or disapproved of these transactions or the securities to be issued under this joint proxy statement/prospectus or determined if the disclosure in this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated February 5, 2007, and is first being mailed to stockholders of LSI and Agere on or about February 8, 2007.

Table of Contents

**LSI Logic Corporation**
**1621 Barber Lane**
**Milpitas, California 95035**
**(408) 433-8000**

**NOTICE OF SPECIAL MEETING OF LSI STOCKHOLDERS**

To the Stockholders of LSI Logic Corporation:

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of LSI Logic Corporation, a Delaware corporation, will be held on March 29, 2007, at 10:00 a.m., local time, at 1621 Barber Lane, Milpitas, California to consider and vote upon a proposal to approve the issuance of shares of LSI Logic Corporation common stock in connection with a merger of Atlas Acquisition Corp. with and into Agere Systems Inc. contemplated by the Agreement and Plan of Merger among LSI, Atlas Acquisition Corp. and Agere.

Any action on the item of business described above may be considered at the special meeting at the time and on the date specified above or at any time and date to which the special meeting may be properly adjourned or postponed.

**After careful consideration, the LSI board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of the LSI stockholders and has unanimously approved the merger agreement. The LSI board of directors recommends that the LSI stockholders vote FOR the proposal to approve the issuance of shares of LSI common stock in connection with the merger.**

You are entitled to vote only if you were a holder of LSI common stock at the close of business on February 2, 2007.

You are entitled to attend the special meeting only if you were an LSI stockholder or joint holder as of the close of business on February 2, 2007 or hold a valid proxy for the special meeting.

The special meeting will begin promptly at 10:00 a.m., local time. Check-in will begin at 9:30 a.m., local time, and you should allow ample time for the check-in procedures.

**Your vote is very important. Whether or not you plan to attend the special meeting, we encourage you to read the joint proxy statement/prospectus and submit your proxy or voting instructions for the special meeting as soon as possible. You may submit your proxy or voting instructions for the special meeting by completing, signing, dating and returning the proxy card or voting instruction card in the pre-addressed envelope provided. For specific instructions on how to vote your shares, please refer to the section entitled The Special Meeting of LSI Stockholders beginning on page 27 of the joint proxy statement/prospectus.**

By Order of the Board of Directors,

ANDREW S. HUGHES
Vice President, General Counsel and Corporate Secretary

February 5, 2007
Milpitas, California

Table of Contents

**Agere Systems Inc.**
**1110 American Parkway NE**
**Allentown, Pennsylvania 18109**
**(610) 712-1000**

## NOTICE OF ANNUAL MEETING OF AGERE STOCKHOLDERS

Agere Systems Inc. will hold its Annual Meeting of Stockholders at the Edward Nash Theater at the Raritan Valley Community College, Route 28W and Lamington Road, North Branch, New Jersey 08876, on March 29, 2007, 9:00 a.m., local time. We are holding the meeting for the following purposes:

1. To consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated as of December 3, 2006 (which we refer to as the merger agreement), by and among Agere, LSI Logic Corporation and Atlas Acquisition Corp.;

2. To elect three members of the Agere board of directors for terms described in the joint proxy statement/prospectus;

3. To re-approve the Agere Short Term Incentive Plan;

4. To ratify the Audit Committee s selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007; and

5. To transact such other business as may properly come before the meeting and any postponement or adjournment thereof.

**The Agere board of directors has approved the merger agreement and the transactions contemplated by the merger agreement by unanimous vote of the directors present, and recommends that you vote FOR the proposal to adopt the merger agreement, which is described in detail in the joint proxy statement/prospectus. The Agere board of directors also recommends that you vote FOR each of the director nominees of Agere listed in this joint proxy statement/prospectus, FOR the re-approval of Agere s Short Term Incentive Plan and FOR the ratification of the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007.**

Holders of record of Agere common stock at the close of business on February 2, 2007, are entitled to vote at the meeting. A list of stockholders eligible to vote at the Agere annual meeting will be available for inspection at the annual meeting and at the offices of Agere in Allentown, Pennsylvania during regular business hours for a period of no less than ten days prior to the annual meeting.

In addition to the joint proxy statement/prospectus, proxy card and voting instructions, Agere stockholders are receiving a copy of the Agere 2006 annual report on Form 10-K.

You can vote your shares by completing and returning a proxy card. Most stockholders can also vote over the Internet or by telephone. If Internet and telephone voting are available to you, you can find voting instructions in the materials accompanying the joint proxy statement/prospectus. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the enclosed joint proxy statement/prospectus.

By Order of the Board of Directors,

JEAN F. RANKIN

*Executive Vice President, General*
*Counsel and Secretary*

February 5, 2007
Allentown, Pennsylvania

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Table of Contents

## TABLE OF CONTENTS

**Table of Contents**

**Table of Contents**

**This joint proxy statement/prospectus incorporates important business and financial information about LSI and Agere from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this joint proxy statement/prospectus. For a listing of documents incorporated by reference into this joint proxy statement/prospectus, please see the section entitled Where You Can Find More Information beginning on page 134 of this joint proxy statement/prospectus.**

**LSI will provide you with copies of this information relating to LSI, without charge, upon written or oral request to:**

**LSI Logic Corporation**
**1621 Barber Lane**
**Milpitas, California 95035**
**Attention: Investor Relations**
**Telephone Number: 1-800-433-8778**

**In addition, you may obtain copies of this information by making a request through LSI s investor relations by sending an e-mail to investorrelations@lsi.com.**

**Agere will provide you with copies of this information relating to Agere, without charge, upon written or oral request to:**

**Agere Systems Inc.**
**1110 American Parkway NE**
**Allentown, Pennsylvania 18109**
**Attention: Investor Relations**
**Telephone Number: 1-800-372-2477**

**In addition, you may obtain copies of this information by making a request through Agere s investor relations by sending an e-mail to investor@agere.com.**

**In order for you to receive timely delivery of the documents in advance of the LSI special meeting, LSI should receive your request no later than March 22, 2007.**

**In order for you to receive timely delivery of the documents in advance of the Agere annual meeting, Agere should receive your request no later than March 22, 2007.**

**Table of Contents**

## QUESTIONS AND ANSWERS ABOUT THE MERGER

### General Questions and Answers

The following questions and answers briefly address some commonly asked questions about the LSI special meeting, the Agere annual meeting and the merger. They may not include all the information that is important to stockholders of LSI and Agere. Agere and LSI urge stockholders to read carefully this entire joint proxy statement/prospectus, including the annexes and the other documents referred to herein. Page references are included in this summary to direct you to more detailed discussions elsewhere in this joint proxy statement/prospectus.

***Q: Why am I receiving this joint proxy statement/prospectus?***

A: LSI and Agere have agreed to combine their businesses under the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

In order to complete the merger, LSI stockholders must approve the issuance of shares of LSI common stock in connection with the merger and Agere stockholders must adopt the merger agreement. LSI will hold a special meeting of its stockholders and Agere will hold an annual meeting of its stockholders to obtain these approvals. Agere is also asking its stockholders to approve other matters in connection with its annual meeting that are described in this joint proxy statement/prospectus. This joint proxy statement/prospectus contains important information about the merger and the stockholder meetings of each of LSI and Agere, and you should read it carefully. For LSI stockholders, the enclosed voting materials for the LSI special meeting allow LSI stockholders to vote shares of LSI common stock without attending the LSI special meeting. For Agere stockholders, the enclosed voting materials for the Agere annual meeting allow Agere stockholders to vote shares of Agere common stock without attending the Agere annual meeting.

**Stockholder votes are important. LSI and Agere encourage stockholders of each company to vote as soon as possible.** For more specific information on how to vote, please see the questions and answers for each of the LSI and Agere stockholders below.

***Q: Why are LSI and Agere proposing the merger? (see page 68)***

A: After reviewing strategic alternatives to address the opportunities and challenges facing our companies, the boards of directors of both LSI and Agere reached the same conclusion *this merger represents the best strategic alternative for our respective companies.*

Specifically, LSI and Agere believe the merger will provide certain strategic and financial benefits, including the following:

- An increase in product development capabilities;
- Greater depth of relationships with customers;
- An enhanced intellectual property portfolio; and
- A reduction in operating costs.

***Q: When do LSI and Agere expect to complete the merger?***

A: LSI and Agere currently plan to complete the merger shortly following the LSI and Agere stockholder meetings. However, neither LSI nor Agere can predict the exact timing of the completion of the merger because the merger is subject to governmental and regulatory review processes and other conditions.

***Q: How do the boards of directors of LSI and Agere recommend that I vote? (see pages 27 and 41)***

A: The LSI board of directors recommends that LSI stockholders vote FOR the proposal to approve the issuance of shares of LSI common stock in connection with the merger.

The Agere board of directors recommends that Agere stockholders vote FOR the proposal to adopt the merger agreement.

***Q: What should I do now?***

A: Please review this joint proxy statement/prospectus carefully and vote as soon as possible. Most LSI and Agere stockholders may vote over the Internet or by telephone. Stockholders may also vote by signing, dating and returning each proxy card and voting instruction card received.

***Q: What should I do if I receive more than one set of voting materials? (see page 27)***

A: Please vote each proxy card and voting instruction card that you receive. You may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, stockholders who hold shares in more than one brokerage account will receive a separate voting instruction card for each brokerage account in which shares are held. If shares are held in more than one name, stockholders will receive more than one proxy or voting instruction card. In addition, if you are a stockholder of both LSI and Agere, you may receive one or more proxy cards or voting instruction cards for LSI and one or more proxy cards or voting instruction cards for Agere. If you are a stockholder of both LSI and Agere, please note that a vote for the issuance of shares in connection with the merger for the LSI special meeting will not constitute a vote for the proposal to adopt the merger agreement for the Agere annual meeting, and vice versa. Therefore, please vote each proxy and voting instruction card you receive, whether from LSI or Agere.

**Questions and Answers for LSI Stockholders**

***Q: When and where is the LSI special meeting? (see page 27)***

A: The special meeting of LSI stockholders will be held at 10:00 a.m., local time, on March 29, 2007, at 1621 Barber Lane, Milpitas, California. Check-in will begin at 9:30 a.m., local time. Please allow ample time for the check-in procedures.

***Q: How can I attend the LSI special meeting? (see page 27)***

A: LSI stockholders or joint holders as of the close of business on February 2, 2007, and those who hold a valid proxy for the special meeting are entitled to attend the LSI special meeting. LSI stockholders should be prepared to present photo identification for admittance. In addition, names of record holders will be verified against the list of record holders on the record date prior to being admitted to the meeting. LSI stockholders who are not record holders but who hold shares through a broker or nominee (i.e., in street name), should provide proof of beneficial ownership on the record date, such as most recent account statement prior to February 2, 2007, or other similar evidence of ownership. If LSI stockholders do not provide photo identification or comply with the other procedures outlined above upon request, they will not be admitted to the LSI special meeting.

The LSI special meeting will begin promptly at 10:00 a.m. Check-in will begin at 9:30 a.m., local time, and you should allow ample time for the check-in procedures.

***Q: What is the vote of LSI stockholders required to approve the issuance of shares of LSI common stock in connection with the merger? (see page 28)***

A: The issuance of shares of LSI common stock in connection with the merger requires an affirmative vote of a majority of the votes cast at the LSI special meeting, provided that the total votes cast on the proposal represents over 50% of all shares of LSI common stock entitled to vote on the proposal.

***Q: As an LSI stockholder, how can I vote? (see page 28)***

A: Stockholders of record as of the record date may vote in person by attending the LSI special meeting, by completing and returning a proxy card or, if you hold your shares in street name, a voting instruction form. Most stockholders can also vote over the Internet or by telephone. If Internet and telephone voting are available, LSI stockholders can find voting instructions in the materials accompanying this joint proxy statement/prospectus.

The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on March 28, 2007. Please be aware that LSI stockholders who vote over the Internet may incur costs such as telephone and Internet access charges for which they will be responsible.

The method by which LSI stockholders vote will in no way limit the right to vote at the meeting if you later decide to attend in person. If shares are held in street name, LSI stockholders must obtain a proxy, executed in their favor, from their broker or other holder of record, to be able to vote at the meeting.

If shares are held through a broker, such shares may be voted even if holders of such shares do not vote or attend the special meeting. Broker non-votes, if any, will not be counted as votes cast on the proposal to issue shares of LSI common stock in connection with the merger.

All shares entitled to vote and represented by properly completed proxies received prior to the LSI special meeting and not revoked will be voted at the meeting in accordance with your instructions. If a signed proxy card is returned without indicating how shares should be voted on a matter and the proxy is not revoked, the shares represented by such proxy will be voted as the LSI board of directors recommends and therefore FOR the issuance of shares in connection with the merger.

For a more detailed explanation of the voting procedures, please see the section entitled Voting Procedures beginning on page 28 of this joint proxy statement/prospectus.

***Q: As an LSI stockholder, what happens if I do not vote? (see page 28)***

A: Failure to vote or give voting instructions to your broker or nominee for the LSI special meeting could make it more difficult to meet the voting requirement that the total votes cast on the proposal represent over 50% of all shares of LSI common stock entitled to vote on the proposal. Therefore, LSI urges LSI stockholders to vote.

***Q: As an LSI stockholder, may I change my vote after I have submitted a proxy card or voting instruction card? (see page 29)***

A: Yes. LSI stockholders may revoke a previously granted proxy or voting instruction at any time prior to the special meeting by:

signing and returning a later dated proxy or voting instruction card for the LSI special meeting; or

attending the LSI special meeting and voting in person, as described in the section entitled The Special Meeting of LSI Stockholders beginning on page 27 of this joint proxy statement/prospectus.

Only the last submitted proxy or voting instruction card will be considered. Please submit a proxy or voting instruction card for the LSI special meeting as soon as possible.

***Q: What do LSI stockholders need to do now?***

A: Carefully read and consider the information contained in and incorporated by reference into this joint proxy statement/prospectus, including its annexes. In order for LSI shares to be represented at the special meeting, LSI stockholders can (1) vote through the Internet or by telephone by following the instructions included on their proxy card, (2) indicate on the enclosed proxy card how they would like to vote and return the proxy card in the accompanying pre-addressed postage paid envelope, or (3) attend the LSI special meeting in person.

***Q: Who can answer questions?***

A: LSI stockholders with questions about the merger or the other matters to be voted on at the LSI special meeting or who desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact:

Georgeson Inc.
17 State Street, 10th Floor
New York, NY 10004
Toll Free: (866) 783-6820
Banks and Brokerage Firms: (212) 440-9800

If you need additional copies of this joint proxy statement/prospectus or voting materials, contact Georgeson Inc. as described above or send an e-mail to investorrelations@lsi.com.

**Questions and Answers for Agere Stockholders**

***Q: Why are Agere stockholders receiving this joint proxy statement/prospectus?***

A: In order to complete the merger, Agere stockholders must adopt the merger agreement.

This joint proxy statement/prospectus contains important information about the proposed merger, the merger agreement and the Agere annual meeting, which should be read carefully. The enclosed voting materials allow Agere stockholders to vote shares without attending the Agere annual meeting. The vote of Agere stockholders is very important. Agere stockholders are encouraged to vote as soon as possible.

***Q: What will Agere stockholders receive in the merger?***

A: If the proposed merger is completed, at the effective time of the merger, Agere stockholders will be entitled to receive 2.16 shares of LSI common stock for each share of Agere common stock that they own. Agere stockholders will receive cash for any fractional shares they would otherwise receive in the merger. The amount of cash for fractional shares will be calculated by multiplying the fractional share interest to which each such stockholder would be entitled by the per share closing price of shares of LSI common stock on the trading day immediately preceding the closing date. Following the completion of the merger, former Agere stockholders are expected to own approximately 48% of the fully diluted shares of the combined company based on the number of shares of LSI and Agere outstanding as of January 31, 2007, excluding shares issuable on conversion of Agere s outstanding convertible notes.

***Q: What if I have Agere stock options?***

A: Each outstanding option to purchase shares of Agere common stock, whether or not exercisable, will be converted into an option to acquire LSI common stock, on the same terms and conditions as were applicable to such Agere stock option prior to the effective time of the merger, except that the number of shares for which such option is or may become exercisable and the exercise price of the option will be adjusted to reflect the exchange ratio.

***Q: What if I have Agere stock appreciation rights?***

A: Each outstanding stock appreciation right relating to shares of Agere common stock, whether or not exercisable, will be converted into a stock appreciation right relating to shares of LSI common stock, on the same terms and conditions as were applicable to such Agere stock appreciation right prior to the effective time of the merger, except that the number of shares to which the stock appreciation right relates and the exercise price of the stock appreciation right will be adjusted to reflect the exchange ratio.

***Q: What if I have Agere restricted stock units?***

**A:** Each Agere outstanding restricted stock unit award will be converted into an award to receive shares of LSI common stock on the same terms and conditions that were applicable to such Agere restricted stock unit award prior to the effective time of the merger, except that the number of shares subject to the award will be adjusted to reflect the exchange ratio, and, for any restricted stock unit award which vests upon a specified date if performance based criteria are achieved, the performance based criteria shall be waived and the restricted stock unit award will vest in accordance with its terms and conditions on the specified date.

***Q: What are the material United States federal income tax consequences of the merger to Agere stockholders?***

A: The transaction is intended to be a tax-free reorganization for United States federal income tax purposes. If the merger qualifies as a reorganization, Agere stockholders will not recognize any gain or loss, for federal income tax purposes, with respect to the shares of LSI common stock they receive in the merger. However, Agere s stockholders will recognize gain or loss on any fractional shares of LSI common stock for which cash is received in lieu of a fractional share.

***Q: Are Agere stockholders entitled to dissenters rights?***

A: No. Under the Delaware General Corporation Law, holders of Agere common stock are not entitled to dissenters appraisal rights in connection with the merger.

***Q: What matters will Agere stockholders vote on at the annual meeting?***

A: Agere stockholders will vote on the following proposals:

To adopt the merger agreement;

To elect three directors to serve until the next annual meeting of stockholders and until their successors are elected and qualified or until the consummation of the merger;

To re-approve the Agere Short Term Incentive Plan;

To ratify the audit committee s selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007; and

To transact such other business as may properly come before the annual meeting.

***Q: How does the Agere board of directors recommend that Agere stockholders vote?***

A: The Agere board of directors, by the unanimous vote of the directors present, has determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of the Agere stockholders and recommends that Agere stockholders vote FOR the proposal to adopt the merger agreement. For a more complete description of the recommendation of the Agere board of directors, see The Merger Consideration of the Merger by the Agere Board of Directors Recommendation of the Agere Board of Directors.

The Agere board of directors also recommends that Agere stockholders vote FOR each of the director nominees listed under the heading Election of Agere Directors, FOR the re-approval of Agere s Short Term Incentive Plan and FOR the ratification of the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007 at the annual meeting.

***Q: When and where will the Agere annual meeting be held?***

A: The annual meeting is scheduled to be held at the Edward Nash Theater at the Raritan Valley Community College, Route 28W and Lamington Road, North Branch, New Jersey 08876, on March 29, 2007, at 9:00 a.m., local time.

***Q: What vote is needed to adopt the merger agreement and to approve the other matters at the annual meeting?***

A: The proposal to adopt the merger agreement requires the affirmative vote of the holders of at least a majority of the shares of Agere common stock outstanding on the record date.

Re-approval of the Agere Short Term Incentive Plan and ratification of the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007 each requires the affirmative vote of the holders of a majority of the Agere common stock present in person or represented by proxy and entitled to vote at the annual meeting. Directors will be elected by a plurality of the votes cast.

***Q: How do Agere stockholders vote?***

A: If you were an Agere stockholder on the record date for the Agere annual meeting, you may vote at the meeting. Most stockholders can vote over the Internet or by telephone. If Internet and telephone voting are available to you, you can find voting instructions in the materials accompanying this joint proxy statement/prospectus. You can also vote by completing and returning a proxy card or, if you hold your shares in street name, a voting instruction form.

The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Daylight Time, on March 28, 2007. Please be aware that Agere stockholders who vote over the Internet may incur costs such as telephone and Internet access charges for which they will be responsible. Voting instructions from participants in Agere s 401(k) plan must be received by 11:59 p.m., Eastern Daylight Time, on March 26, 2007.

The method by which Agere stockholders vote will in no way limit their right to vote at the meeting if such stockholders later decide to attend in person. If shares are held in street name, Agere stockholders must obtain a proxy, executed in their favor, from a broker or other holder of record, to be able to vote at the meeting.

If shares are held through a broker, such shares may be voted even if the Agere stockholder does not vote or attend the annual meeting. Under the rules of the New York Stock Exchange, member brokers who do not receive instructions from beneficial owners will be allowed to vote on the election of directors, the proposal to re-approve the Short Term Incentive Plan and the proposal to ratify the audit committee s selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007. Broker non-votes, if any, will have the same effect as votes cast against the proposal to adopt the merger agreement.

If you hold shares through Agere s 401(k) plan and do not vote, those shares will be voted in the same proportion as shares in the plan that are voted by plan participants.

All shares entitled to vote and represented by properly completed proxies received prior to the Agere annual meeting and not revoked will be voted at the meeting in accordance with stockholder instructions. If a signed proxy card is returned without indicating how shares should be voted on a matter and the proxy is not revoked, the shares represented by the proxy will be voted as the Agere board of directors recommends and therefore FOR the adoption of the merger agreement, FOR each of the director nominees listed under the heading Election of Agere Directors, FOR the re-approval of Agere s Short Term Incentive Plan and FOR the ratification of the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007 at the annual meeting.

Table of Contents

***Q: As an Agere stockholder, can I change my vote after I have delivered my proxy?***

A: Yes. Agere stockholders may revoke a proxy (including an Internet or telephone vote) at any time before it is exercised by timely delivery of a properly executed, later-dated proxy or by voting in person at the meeting.

***Q: What will happen if Agere stockholders abstain from voting or do not vote?***

A: If an Agere stockholder abstains from voting or does not vote, it will have the same effect as a vote against the proposal to adopt the merger agreement. If a stockholder is present in person or by proxy and abstains from voting, it will have the same effect as a vote against (1) the proposal to re-approve the Agere Short Term Incentive Plan and (2) the proposal to ratify the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007. Abstentions will have no effect on the election of Agere directors. If an Agere stockholder returns a proxy and does not indicate how it should be voted, shares represented by such proxy will be voted as the Agere board of directors recommends on all matters for consideration at the Agere annual meeting.

***Q: Should Agere stock certificates be sent in now?***

A: No. If the merger is completed, Agere stockholders will receive written instructions for sending in any stock certificates they may have.

***Q: What do Agere stockholders need to do now?***

A: Carefully read and consider the information contained in and incorporated by reference in this joint proxy statement/prospectus, including its annexes. In order for shares to be represented at the Agere annual meeting, Agere stockholders can (1) vote over the Internet or by telephone by following the instructions included on the proxy card, (2) indicate on the enclosed proxy card how they would like to vote and return the proxy card in the accompanying pre-addressed postage paid envelope, or (3) attend the Agere annual meeting in person.

***Q: As an Agere stockholder, who can answer my questions?***

A: Agere stockholders with questions about the merger or the other matters to be voted on at the Agere annual meeting should contact The Proxy Advisory Group, LLC by phone at (212) 213-3832, or toll-free at 1-866-678-1770. Agere stockholders who desire additional copies of this joint proxy statement/prospectus or additional proxy cards should send written requests or inquiries to Agere Systems Inc., 1110 American Parkway NE, Room 10A-301C, Allentown, Pennsylvania 18109, Attention: Response Center, or call 1-800-372-2447.

## SUMMARY

The following is a summary of the information contained in this joint proxy statement/prospectus relating to the merger. This summary may not contain all of the information about the merger that is important to you. For a more complete description of the merger, LSI and Agere encourage you to read carefully this entire joint proxy statement/prospectus, including the attached annexes. In addition, LSI and Agere encourage you to read the information incorporated by reference into this joint proxy statement/prospectus, which includes important business and financial information about LSI and Agere. Stockholders of LSI and Agere may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled  Where You Can Find More Information  beginning on page 134 of this joint proxy statement/prospectus.

### The Merger and the Merger Agreement (see page 94)

LSI and Agere have agreed to combine their businesses under the terms of a merger agreement between the companies that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. Under the terms of the merger agreement, a newly-formed, wholly-owned subsidiary of LSI will merge with and into Agere and Agere will survive the merger as a wholly-owned subsidiary of LSI. Upon completion of the merger, holders of Agere common stock will be entitled to receive 2.16 shares of LSI common stock for each share of Agere common stock they then hold. LSI stockholders will continue to own their existing shares of LSI common stock after the merger.

### Parties to the Merger

**LSI Logic Corporation**
1621 Barber Lane
Milpitas, California 95035
(408) 433-8000

LSI designs, develops, and markets complex, high-performance semiconductors and storage systems. In 2005, LSI s operations were organized in four markets: communications, consumer products, storage components and storage systems. On March 6, 2006, LSI announced its plans to focus its business growth opportunities in the information storage and consumer markets.

LSI offers integrated circuit products, board-level products, and software for use in consumer applications, high-performance storage controllers, enterprise hard disk controllers, and systems for storage area networks. LSI s integrated circuits are also used in a wide range of communication devices.

LSI operates in two segments  the semiconductor segment and the storage systems segment  in which LSI offers products and services for a variety of electronic systems applications. LSI s products are marketed primarily to original equipment manufacturers that sell products to LSI s target markets.

LSI was incorporated in California on November 6, 1980, and was reincorporated in Delaware on June 11, 1987. LSI s principal offices are located at 1621 Barber Lane, Milpitas, California 95035, and LSI s telephone number at that location is (408) 433-8000. LSI s home page on the Internet is www.lsi.com.

**Agere Systems Inc.**
1110 American Parkway NE
Allentown, Pennsylvania 18109
(610) 712-1000

Agere is a leading provider of integrated circuit solutions for a variety of computing and communications applications. Some of Agere s solutions include related software and reference designs. Agere s solutions are used in products such as hard disk drives, mobile phones, high-speed communications systems and personal computers. Agere also licenses its intellectual property to others.

1

Table of Contents

**Atlas Acquisition Corp.**
1621 Barber Lane
Milpitas, California 95035
(408) 433-8000

Atlas Acquisition Corp. is a newly-formed, wholly-owned subsidiary of LSI. LSI formed Atlas Acquisition Corp. solely to effect the merger, and Atlas Acquisition Corp. has not conducted and will not conduct any business during any period of its existence.

**Recommendation of the LSI Board of Directors (see page 69)**

After careful consideration, the LSI board of directors unanimously determined that the merger agreement and the consummation of the transactions contemplated by the merger agreement are advisable and in the best interests of the LSI stockholders, and has unanimously approved the merger agreement. The LSI board of directors recommends that the LSI stockholders vote FOR the proposal to approve the issuance of shares of LSI common stock in connection with the merger.

**Opinion of LSI Financial Advisor Regarding the Merger (see page 71)**

On December 3, 2006, Morgan Stanley delivered its written opinion to the LSI board of directors that, as of that date and subject to the assumptions, considerations and limitations set forth in its opinion, the exchange ratio provided for in the merger agreement was fair, from a financial point of view, to LSI. Morgan Stanley provided its opinion for the information and assistance of the LSI board of directors in connection with the board s consideration of the merger. The Morgan Stanley opinion is not a recommendation as to how any LSI stockholder should vote or take any other action with respect to the proposal to approve the issuance of shares of LSI common stock in connection with the merger.

The full text of the written opinion of Morgan Stanley, which sets forth assumptions made, matters considered and limitations on the review undertaken in connection with its opinion, is attached to this joint proxy statement/prospectus as Annex B. Stockholders of LSI are urged to read the opinion carefully and in its entirety. LSI stockholders should carefully consider the discussion of Morgan Stanley s analysis in the section entitled Opinion of LSI Financial Advisor beginning on page 71 of this joint proxy statement/prospectus.

**Recommendation of the Agere Board of Directors (see page 81)**

After careful consideration, the Agere board of directors by unanimous vote of the directors present determined that the merger is advisable and in the best interests of Agere and its stockholders, and approved the merger agreement. The Agere board of directors recommends that the Agere stockholders vote FOR the proposal to adopt the merger agreement. The Agere board of directors also recommends that Agere stockholders vote FOR each of the director nominees of Agere listed under the heading Election of Agere Directors, FOR the re-approval of Agere s Short Term Incentive Plan and FOR the ratification of the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007.

**Opinion of Agere Financial Advisor Regarding the Merger (see page 84)**

On December 3, 2006, Goldman, Sachs & Co. rendered its oral opinion, subsequently confirmed by delivery of its written opinion, dated December 3, 2006, to Agere s board of directors that, as of the date of its opinion and based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio of 2.16 shares of LSI common stock to be received for each share of Agere common stock pursuant to the merger agreement was fair from a financial point of view to the holders of shares of Agere common stock.

The full text of the written opinion of Goldman Sachs, dated December 3, 2006, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C to this joint proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of Agere s board of directors in connection with its consideration of the merger. Goldman Sachs opinion is not a recommendation as to how any holder of Agere common stock should vote with respect to the merger. Pursuant to an engagement letter between Agere and Goldman Sachs, Agere has agreed to pay Goldman Sachs a transaction fee of approximately $28 million, substantially all of which is payable upon consummation of the merger.

**Some Agere Directors and Executive Officers Have Interests in the Merger (see page 90)**

Certain members of the Agere board of directors and certain of Agere s executive officers have interests in the transactions contemplated by the merger agreement that may be different than, or in addition to, the interests of Agere stockholders generally. These interests include, among other things, the following:

- Executive officers whose employment is terminated under certain circumstances after the merger will be entitled to severance benefits payable by Agere;
- Certain executive officers hold stock options which will become exercisable and restricted stock units which will vest if their employment is terminated under certain circumstances on or after adoption of the merger agreement by Agere stockholders (or, if later, on receipt of necessary governmental agency consent);
- Three directors from Agere s current board of directors will be designated by Agere to serve on the board of directors of the combined company after the effective time of the merger;
- Certain of Agere s current executive officers will be offered continued employment with the combined company after the effective time of the merger;
- Certain directors hold stock options which will become exercisable upon adoption of the merger agreement by Agere stockholders (or, if later, upon receipt of necessary governmental agency consent); and
- Directors and officers will be indemnified by the combined company with respect to acts or omissions by them in their capacities as such prior to the effective time of the merger.

The Agere board of directors was aware of these interests and considered them, among other matters, in making its recommendation. See The Merger Consideration of the Merger by the Agere Board of Directors.

**Share Ownership of Directors and Executive Officers of LSI (see page 28)**

At the close of business on the record date for the LSI special meeting, directors and executive officers of LSI beneficially owned and were entitled to vote approximately 1.8% of the shares of LSI common stock outstanding on that date.

**Share Ownership of Directors and Executive Officers of Agere (see page 40)**

At the close of business on the record date for the Agere annual meeting, directors and executive officers of Agere beneficially owned and were entitled to vote less than 1% of the shares of Agere common stock outstanding on that date.

**Directors and Certain Officers of LSI Following the Merger (see page 93)**

Effective upon closing of the merger, LSI s board of directors will continue to consist of nine members, six of whom will be designated by LSI and three of whom shall be designated by Agere. Abhijit Talwalkar will serve as President and Chief Executive Officer and Bryon Look will serve as Chief Financial Officer following the merger. Although the exact composition of the combined company s executive management team following the merger was not finalized as of the date of this joint proxy statement/prospectus, it is expected that Phil Brace, Phil Bullinger, Jon Gibson, Andy

Micallef, Umesh Padval, Jean Rankin, Denis Regimbal, Jeff Richardson and Rudy Stroh will serve as part of the combined company s post-merger executive management team.

**What is Needed to Complete the Merger (see page 106)**

Several conditions must be satisfied or waived before LSI and Agere complete the merger, including those summarized below:

- adoption of the merger agreement by Agere stockholders;
- approval by LSI stockholders of the issuance of shares of LSI common stock in the merger;
- no order of any court preventing the completion of the merger shall be in effect;
- receipt of antitrust approvals from the United States and any other foreign antitrust regulators, except for foreign approvals, which, if not obtained, would not have a material adverse effect on LSI, Agere and their subsidiaries, taken as a whole;
- receipt of opinions by LSI and Agere from their respective tax counsel that the merger will qualify as a reorganization under the Internal Revenue Code;

Table of Contents

accuracy of each party s respective representations and warranties in the merger agreement, except as would not have a material adverse effect;

material compliance by each party with its covenants in the merger agreement; and

absence of a material adverse effect on LSI or Agere, respectively, from December 3, 2006 to the completion of the merger.

**LSI and Agere Are Prohibited from Soliciting Other Offers (see page 99)**

The merger agreement contains detailed provisions that prohibit LSI and Agere, and their officers, directors, affiliates, advisors and representatives from taking any action to solicit or engage in discussions or negotiations with any person or group with respect to an acquisition proposal as defined in the merger agreement, including:

an acquisition which would result in the person or group acquiring more than 15% of a party s total outstanding securities;

an acquisition which would result in the person or group acquiring more than 50% of any class of equity securities of a party s subsidiaries that generate or constitute 15% or more of the net revenues, net income or assets of such party;

a sale or disposition by a party of assets that generate or constitute 15% or more of the net revenues, net income or assets of such party;

a merger or other business combination involving a party or subsidiaries that generate or constitute 15% or more of the net revenues, net income or net assets of such party;

any liquidation, dissolution, recapitalization or reorganization involving a party or subsidiaries that generate or constitute 15% or more of the net revenues, net income or net assets of such party; or

any combination of the transactions described above.

The merger agreement does not, however, prohibit either party from considering a bona fide acquisition proposal from a third party if specified conditions are met.

**LSI and Agere May Terminate the Merger Agreement Under Specified Circumstances (see page 108)**

Under circumstances specified in the merger agreement, either LSI or Agere may terminate the merger agreement. These circumstances generally include if:

the merger is not completed by May 15, 2007 (which date will be extended to August 31, 2007 if the merger has not been completed as a result of a failure to obtain required antitrust approvals and all other conditions to closing have been satisfied or waived on or prior to such time);

a final, non-appealable order of a court or any governmental authority has the effect of permanently prohibiting completion of the merger;

the required approval of the stockholders of LSI of the issuance of shares of LSI common stock in the merger has not been obtained at LSI s duly held special meeting;

the required approval of the stockholders of Agere to adopt the merger agreement has not been obtained at Agere s duly held annual meeting;

the board of directors of the other party takes any of the actions in opposition to the merger described as a triggering event in the merger agreement;

the other party breaches its representations, warranties or covenants in the merger agreement such that its conditions to completion of the merger regarding representations, warranties or covenants would not be satisfied; or

the other party consents to termination.

**LSI or Agere May Pay a Termination Fee Under Specified Circumstances (see page 109)**

If the merger agreement is terminated, either LSI or Agere, in specified circumstances, may be required to pay a termination fee of $120 million to the other party.

**The Merger is Intended to Qualify as a Reorganization for United States Federal Income Tax Purposes (see page 110)**

The merger has been structured to qualify as a reorganization for United States federal income tax purposes, and LSI and Agere have each received the opinion of their respective counsel, attached as exhibits 8.1 and 8.2 to the LSI registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part, regarding such qualification. Assuming the merger so qualifies, Agere stockholders generally will not recognize gain or loss for United States federal income tax purposes as a result of receiving LSI common stock in exchange for their Agere common stock pursuant to the merger, except with respect to cash received instead of fractional shares of LSI common stock. Stockholders of Agere should carefully read the discussion setting forth such tax opinions in the section entitled Material United States Federal Income Tax Consequences of the Merger beginning on page 110 of this joint proxy statement/prospectus. Further, stockholders of Agere are encouraged to consult with a tax advisor because tax matters can be complicated, and the tax consequences of the merger will depend upon the specific situation of each stockholder.

**Accounting Treatment of the Merger (see page 112)**

LSI will account for the merger under the purchase method of accounting for business combinations.

**LSI and Agere Have Not Yet Obtained All Required Regulatory Approvals to Complete the Merger (see page 112)**

The merger is subject to certain antitrust laws. LSI and Agere have made filings under applicable antitrust laws with the United States Department of Justice and the United States Federal Trade Commission, and the applicable waiting period associated with such filings has expired. LSI and Agere are also required to make, and have made, antitrust filings with antitrust regulators in China and Germany. Under the merger agreement, LSI and Agere are not obligated to complete the merger until the applicable approvals have been received from such foreign antitrust regulators where the failure to obtain such foreign approvals would result in a material adverse effect on LSI, Agere and their subsidiaries, taken as a whole.

**LSI Will List Shares of LSI Common Stock on the New York Stock Exchange (see page 112)**

LSI will use all reasonable efforts to cause the shares of LSI common stock to be issued in connection with the merger to be authorized for listing on the New York Stock Exchange before the completion of the merger, subject to official notice of issuance.

**No Appraisal Rights (see page 113)**

Neither LSI stockholders nor Agere stockholders are entitled to dissenters rights of appraisal for their shares under the Delaware General Corporation Law in connection with the merger.

Table of Contents

## SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF LSI

The following table sets forth summary selected historical consolidated financial data with respect to LSI as of the dates and for the periods indicated. The historical consolidated statement of operations data presented below for the nine months ended October 1, 2006 and the historical consolidated balance sheet data as of October 1, 2006 have been derived from LSI s unaudited historical consolidated financial statements which are incorporated by reference into this joint proxy statement/prospectus. The historical consolidated statement of operations data presented below for the fiscal years ended December 31, 2005, 2004, and 2003, and the historical consolidated balance sheet data as of December 31, 2005 and December 31, 2004 have been derived from LSI s audited historical consolidated financial statements, which are incorporated by reference into this joint proxy statement/prospectus. The historical consolidated statement of operations data presented below for the fiscal years ended December 31, 2002 and 2001 and the historical consolidated balance sheet data as of December 31, 2003, 2002 and 2001 have been derived from LSI s audited historical consolidated financial statements, which are not incorporated by reference into this joint proxy statement/prospectus.

Stockholders of LSI and Agere should read the following summary selected historical consolidated financial data together with the consolidated financial statements and accompanying notes contained in LSI s Annual Report on Form 10-K for its fiscal year ended December 31, 2005 as filed with the Securities and Exchange Commission, as well as the sections of LSI s Annual Report on Form 10-K, entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, all of which are incorporated by reference into this joint proxy statement/prospectus. The following summary selected historical consolidated financial data may not be indicative of LSI s future performance.

| | Nine Months Ended Oct. 1, 2006(1) | Year Ended December 31, 2005 | 2004 | 2003(2) | 2002(3) | 2001(4) |
|---|---|---|---|---|---|---|
| | (In thousands, except per share amounts) | | | | | |
| **Consolidated Statement of Operations Data:** | | | | | | |
| Revenues | $ 1,458,497 | $ 1,919,250 | $ 1,700,164 | $ 1,693,070 | $ 1,816,938 | $ 1,784,923 |
| Gross profit | $ 628,230 | $ 832,436 | $ 735,608 | $ 677,205 | $ 648,716 | $ 413,927 |
| Net income/(loss) | $ 110,625 | $ (5,623) | $ (463,531) | $ (308,547) | $ (292,440) | $ (991,955) |
| Net income/(loss) per share: | | | | | | |
| Basic | $ 0.28 | $ (0.01) | $ (1.21) | $ (0.82) | $ (0.79) | $ (2.84) |
| Diluted | $ 0.27 | $ (0.01) | $ (1.21) | $ (0.82) | $ (0.79) | $ (2.84) |
| Shares used in computing per share amounts: | | | | | | |
| Basic | 397,408 | 390,135 | 384,070 | 377,781 | 370,529 | 349,280 |
| Diluted | 403,779 | 390,135 | 384,070 | 377,781 | 370,529 | 349,280 |

6

Table of Contents

| | At October 1, 2006 | At December 31, 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|---|
| | | | (In thousands) | | | |
| **Consolidated Balance Sheet Data:** | | | | | | |
| Total assets | $ 2,978,910 | $ 2,796,066 | $ 2,874,001 | $ 3,447,901 | $ 4,012,736 | $ 4,525,077 |
| Total current liabilities | $ 742,228 | $ 742,769 | $ 396,280 | $ 391,251 | $ 390,679 | $ 509,985 |
| Long-term debt | $ 350,000 | $ 350,000 | $ 781,846 | $ 865,606 | $ 1,241,217 | $ 1,335,806 |
| Total stockholders equity | $ 1,803,978 | $ 1,627,950 | $ 1,618,046 | $ 2,042,450 | $ 2,300,355 | $ 2,479,885 |

(1) On January 1, 2006, LSI adopted SFAS 123-R Share-Based Payments using the modified prospective transition method. During the nine months ended October 1, 2006, LSI completed the sale of the Gresham, Oregon semiconductor manufacturing facility to ON Semiconductor for approximately $105.0 million in cash.

(2) On January 1, 2003, LSI adopted SFAS No. 146, Accounting for Exit or Disposal Activities. SFAS No. 146 has been applied to restructuring activities initiated after December 31, 2002 and changes the timing of when restructuring charges are recorded to the date when the liabilities are incurred.

(3) During 2002, LSI recorded $46 million in additional excess inventory and related charges and $67 million in charges for restructuring of operations and other items, net. LSI adopted SFAS No. 142 Goodwill and Other Intangible Assets on January 1, 2002, as a result of which goodwill is no longer amortized.

(4) During 2001, LSI recorded $211 million in additional excess inventory and related charges, a $97 million in-process research and development charge associated with the acquisitions of C-Cube and AMI, which were effective on May 11, 2001 and August 31, 2001, respectively. In addition, LSI recorded charges of $220 million for restructuring of operations and other items, net.

## LSI RECENT DEVELOPMENTS

On January 24, 2007, LSI issued an earnings release reporting its unaudited financial results for the fourth quarter ended December 31, 2006, a copy of which was furnished to the SEC on Form 8-K on January 24, 2007. LSI reported unaudited fourth quarter 2006 revenues of $524 million, a 3% increase year-over-year compared to the $506 million reported in the fourth quarter of 2005, and up 6% sequentially compared to the $493 million reported in the third quarter of 2006. LSI recorded full year 2006 unaudited revenues of $1.98 billion, a 3% increase compared to $1.92 billion in 2005. Fourth quarter 2006 unaudited net income was $59 million or 14 cents per diluted share. The fourth quarter 2006 results compared to fourth quarter 2005 net income of $38 million or nine cents per diluted share. Fourth quarter 2006 results compare to third quarter 2006 net income of $44 million or 11 cents per diluted share.

Cash and short-term investments totaled $1.01 billion at the end of the fourth quarter of 2006, with $272 million in repayment of convertible notes completed during the quarter.

Table of Contents

## SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF AGERE

The following table sets forth selected financial information for Agere. The financial information for the years ended September 30, 2006, 2005, and 2004, and as of September 30, 2006 and 2005, has been derived from Agere s audited financial statements, which are incorporated by reference into this joint proxy statement/prospectus. The financial information for the years ended September 30, 2003 and 2002 and as of September 30, 2004, 2003 and 2002 has been derived from Agere s audited financial statements, which are not incorporated by reference into this joint proxy statement/prospectus.

The historical selected financial information may not be indicative of Agere s future performance and should be read in conjunction with the information contained in Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and the consolidated financial statements and the related notes in Item 8 of Agere s Annual Report on Form 10-K for its fiscal year ended September 30, 2006, all of which are incorporated by reference into this joint proxy statement/prospectus.

| | Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| | 2006(1) | 2005(2) | 2004(2) | 2003 | 2002 |
| | (In millions, except per share amounts) | | | | |
| **Statement of operations information:** | | | | | |
| Revenues | $ 1,570 | $ 1,676 | $ 1,912 | $ 1,839 | $ 1,923 |
| Gross profit | $ 762 | $ 664 | $ 866 | $ 579 | $ 494 |
| Income (loss) from continuing operations | $ 17 | $ (8) | $ (90) | $ (371) | $ (803) |
| **Basic and diluted income (loss) per share:(3)** | | | | | |
| Income (loss) from continuing operations | $ 0.10 | $ (0.04) | $ (0.52) | $ (2.23) | $ (4.90) |
| Weighted average shares outstanding basic (in thousands) | 174,525 | 177,775 | 171,248 | 166,699 | 163,720 |
| Weighted average shares outstanding diluted (in thousands) | 175,432 | 177,775 | 171,248 | 166,699 | 163,720 |

| | At September 30, | | | | |
|---|---|---|---|---|---|
| | 2006(1) | 2005(2) | 2004(2) | 2003 | 2002 |
| | (In millions) | | | | |
| **Balance sheet information:** | | | | | |
| Total assets | $ 1,497 | $ 1,881 | $ 2,272 | $ 2,388 | $ 2,864 |
| Short-term debt | $ | $ | $ 147 | $ 195 | $ 197 |
| Long-term debt | $ 362 | $ 372 | $ 420 | $ 451 | $ 486 |

(1) During fiscal 2006 Agere recorded a tax benefit of $24 million as a result of a $66 million reduction in its pension benefit obligations. This benefit was offset by a $24 million tax charge recorded against the minimum pension liability adjustment reflected in other comprehensive loss. Also, the decrease in Agere s total assets

reflects the repurchase of 17,681,198 shares of Agere common stock for $255 million of cash. On October 1, 2005, Agere adopted SFAS 123-R Share-Based Payments using the modified prospective transition method.

(2) During fiscal 2005 and fiscal 2004 Agere recorded reversals of tax and interest contingencies of $120 million and $86 million, respectively, resulting from settlements of certain prior year tax audits. The settlements relate to Agere s tax sharing agreement with Lucent Technologies Inc. and cover periods Agere operated as either a division of AT&T Corp. or Lucent. In fiscal 2005, Agere also recorded a reversal of $22 million for tax and interest contingencies related to non-U.S. income tax.

(3) On May 27, 2005, Agere reclassified its Class A common stock and Class B common stock into a new, single class of common stock, and effected a 1-for-10 reverse stock split. The weighted average number of common shares outstanding and income (loss) per share from continuing operations on a historical basis were adjusted to give retroactive effect to Agere s reverse stock split. Basic income (loss) per common share is calculated by dividing income (loss) from continuing operations by the weighted average number of common shares outstanding during

the period. Diluted income (loss) per common share is calculated by dividing income (loss) from continuing operations by the adjusted outstanding shares for all dilutive potential common shares outstanding.

## AGERE RECENT DEVELOPMENTS

### Financial Results for First Quarter

On January 25, 2007, Agere Systems issued a news release announcing its financial results for the quarter ended December 31, 2006. For the quarter ending December 31, 2006, Agere reported revenue of $372 million and diluted earnings per share of $0.09, compared to revenue of $403 million and a diluted loss per share of $(0.11) for the quarter ending December 31, 2005.

### Pending Litigation

On December 6, 2006, Sony Ericsson Mobile Communications USA Inc. filed a lawsuit in Wake County Superior Court in North Carolina, alleging unfair and deceptive trade practices, fraud and negligent misrepresentation in connection with Agere s engagement with Sony Ericsson to develop a wireless data card for personal computers. While Agere has not completed its review of the matter, based on the information currently available, Agere intends to contest this matter vigorously.

Table of Contents

## SELECTED UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED FINANCIAL DATA

The selected unaudited pro forma combined condensed consolidated financial data for the year ended December 31, 2005 and the nine months ended October 1, 2006 gives effect to the merger and is based on estimates and assumptions which are preliminary. The selected unaudited pro forma combined condensed statement of operations data gives effect to the merger as if it had occurred on January 1, 2005. The selected unaudited pro forma combined condensed balance sheet date gives effect to the merger as if it had occurred on October 1, 2006. This data is presented for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial condition of LSI that would have been reported had the merger been completed as of either such date, and should not be taken as representative of future consolidated results of operations or financial condition of LSI.

This selected unaudited pro forma combined condensed consolidated financial data should be read in conjunction with the summary selected historical consolidated financial data and the unaudited pro forma combined condensed consolidated financial statements and accompanying notes contained elsewhere in this joint proxy statement/prospectus and the separate historical consolidated financial statements and accompanying notes of LSI and Agere incorporated by reference into this joint proxy statement/prospectus. See the section entitled Where You Can Find More Information beginning on page 134 of this joint proxy statement/prospectus.

| | Nine months ended October 1, 2006 | Year ended December 31, 2005 |
|---|---|---|
| | (In thousands, except per share amounts) | |
| **Statement of Operations Data:** | | |
| Revenues | $ 2,640,049 | $ 3,595,613 |
| Gross profit | 1,204,945 | 1,414,824 |
| Income/(loss) from continuing operations | 20,222 | (270,137) |
| Income/(loss) from continuing operations per share: | | |
| Basic | $ 0.03 | $ (0.36) |
| Diluted | $ 0.03 | $ (0.36) |
| Shares used in computing per share amounts: | | |
| Basic | 760,594 | 753,321 |
| Diluted | 777,752 | 753,321 |

| | At October 1, 2006 (In thousands) |
|---|---|
| **Balance Sheet Data:** | |
| Total assets | $ 7,909,087 |
| Total current liabilities | $ 1,157,232 |
| Long-term obligations | $ 1,687,450 |
| Total stockholders equity | $ 5,064,171 |

**Table of Contents**

## COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following table presents comparative historical per share data regarding the income/(loss) from continuing operations and book value of each of LSI and Agere and unaudited combined pro forma per share data after giving effect to the merger as a purchase of Agere by LSI assuming the merger had been completed on January 1, 2005. The following data assumes 2.16 shares of LSI common stock will be issued in exchange for each share of Agere common stock in connection with the merger and the assumption of Agere options and other equity based awards based upon the same exchange ratio. This data has been derived from and should be read in conjunction with the summary selected historical consolidated financial data and unaudited pro forma combined condensed consolidated financial statements contained elsewhere in this joint proxy statement/prospectus, and the separate historical consolidated financial statements of LSI and Agere and accompanying notes incorporated by reference into this joint proxy statement/prospectus. The unaudited pro forma per share data is presented for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial condition of LSI that would have been reported had the merger been completed as of the date presented, and should not be taken as representative of future consolidated results of operations or financial condition of LSI.

| | Historical LSI | Historical Agere(2) | Pro Forma Combined | Pro Forma Equivalent of One Agere Share(1) |
|---|---|---|---|---|
| Income/(loss) from continuing operations per share-diluted: | | | | |
| Year ended December 31, 2005 | $ (0.01) | $ (0.04) | $ (0.36) | $ (0.78) |
| Nine months ended October 1, 2006 | $ 0.27 | $ 0.02 | $ 0.03 | $ 0.06 |
| Book value per share: | | | | |
| October 1, 2006 | $ 4.51 | $ 1.82 | $ 6.67 | $ 14.41 |
| Outstanding shares (in millions) | | | | |
| December 31, 2005 | 394 | 182 | 787 | |
| October 1, 2006 | 400 | 166 | 759 | |

(1) The Pro Forma Equivalent of One Agere Share amounts were calculated by multiplying the exchange ratio in the merger of 2.16 and the pro forma combined diluted income/(loss) from continuing operations and book value per share, respectively.

(2) The historical Agere income/(loss) from continuing operations per share diluted data is for the year ended September 30, 2005 and nine months ended June 30, 2006. The book value per share is as of September 30, 2006 and the outstanding shares are as of September 30, 2005 and September 30, 2006.

Table of Contents

## COMPARATIVE PER SHARE MARKET PRICE DATA

LSI common stock trades on the New York Stock Exchange under the symbol LSI. Agere common stock trades on the New York Stock Exchange under the symbol AGR.

The following table shows the high and low sales prices per share of LSI common stock and Agere common stock, each as reported on the New York Stock Exchange composite transactions tape on (1) December 1, 2006, the last full trading day preceding public announcement that LSI and Agere had entered into the merger agreement, and (2) February 2, 2007, the last full trading day for which high and low sales prices were available as of the date of this joint proxy statement/prospectus.

The table also includes the equivalent high and low sales prices per share of Agere common stock on those dates. These equivalent high and low sales prices per share reflect the fluctuating value of LSI common stock that Agere stockholders would receive in exchange for each share of Agere common stock if the merger were completed on either of these dates, applying the exchange ratio of 2.16 shares of LSI common stock for each share of Agere common stock.

| | LSI Common Stock | | Agere Common Stock | | Equivalent Price per Share | |
|---|---|---|---|---|---|---|
| | **High** | **Low** | **High** | **Low** | **High** | **Low** |
| December 1, 2006 | $ 10.70 | $ 10.37 | $ 17.96 | $ 17.40 | $ 23.11 | $ 22.40 |
| February 2, 2007 | $ 9.51 | $ 9.27 | $ 20.39 | $ 19.87 | $ 20.54 | $ 20.02 |

The above table shows only historical comparisons. These comparisons may not provide meaningful information to LSI stockholders in determining whether to approve the issuance of shares of LSI common stock in connection with the merger or to Agere stockholders in determining whether to adopt the merger agreement. LSI and Agere stockholders are urged to obtain current market quotations for LSI and Agere common stock and to review carefully the other information contained in this joint proxy statement/prospectus or incorporated by reference into this joint proxy statement/prospectus in considering whether to approve the issuance of shares of LSI common stock in the merger in the case of LSI stockholders, and whether to adopt the merger agreement in the case of Agere stockholders. See the section entitled Where You Can Find More Information beginning on page 134 of this joint proxy statement/prospectus.

Table of Contents

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties, as well as assumptions, that, if they never materialize or prove incorrect, could cause the results of LSI and its consolidated subsidiaries, on the one hand, or Agere and its consolidated subsidiaries, on the other hand, to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements about future financial and operating results; benefits of the transaction to customers, stockholders and employees; potential synergies and cost savings resulting from the transaction; the ability of the combined company to drive growth and expand customer and partner relationships and other statements regarding the proposed transaction, and any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: failure of LSI stockholders to approve the issuance of shares of LSI common stock in the merger or the failure of Agere stockholders to adopt the merger agreement; the challenges and costs of closing, integrating, restructuring and achieving anticipated synergies; the ability to retain key employees; and other economic, business, competitive, and/or regulatory factors affecting the businesses of LSI and Agere generally, including other risks that are described in the section entitled Risk Factors, which follows on the next page, and in the documents that are incorporated by reference into this joint proxy statement/prospectus.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, results of LSI, Agere and the combined company could differ materially from the expectations in these statements. LSI and Agere are not under any obligation (and expressly disclaim any such obligation) to update their respective forward-looking statements, except as required by law.

## RISK FACTORS

*In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus, including the matters addressed under  Cautionary Statement Regarding Forward-Looking Information,  LSI stockholders should carefully consider the following risks before deciding whether to vote for approval of the issuance of the shares of LSI common stock in the merger and Agere stockholders should carefully consider the following risks before deciding whether to vote for adoption of the merger agreement. In addition, stockholders of LSI and Agere should read and consider the risks associated with each of the businesses of LSI and Agere because these risks will relate to the combined company. Certain of these risks can be found in LSI s annual report on Form 10-K for the fiscal year ended December 31, 2005, and in LSI s quarterly report on Form 10-Q for the period ended October 1, 2006, each of which is incorporated by reference into this joint proxy statement/prospectus, and in Agere s annual report on Form 10-K for the fiscal year ended September 30, 2006, which is incorporated by reference into this joint proxy statement/prospectus. You should also consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See  Where You Can Find More Information.*

### Risk Factors Relating to the Merger

***Agere stockholders will receive a fixed ratio of 2.16 shares of LSI common stock for each share of Agere common stock regardless of any changes in market value of Agere common stock or LSI common stock before the completion of the merger.***

Upon completion of the merger, each share of Agere common stock will be converted into the right to receive 2.16 shares of LSI common stock. There will be no adjustment to the exchange ratio (except for adjustments to reflect the effect of any stock split or other recapitalization of LSI common stock or Agere common stock), and the parties do not have a right to terminate the merger agreement based upon changes in the market price of either LSI common stock or Agere common stock. Accordingly, the dollar value of LSI common stock that Agere stockholders will receive upon completion of the merger will depend upon the market value of LSI common stock at the time of completion of the merger, which may be different from, and lower than, the closing price of LSI common stock on the last full trading day preceding public announcement that LSI and Agere entered into the merger agreement, the last full trading day prior to the date of this joint proxy statement/prospectus or the date of the stockholder meetings. Moreover, completion of the merger may occur some time after the requisite stockholder approvals have been obtained. The market values of LSI common stock and Agere common stock have varied since LSI and Agere entered into the merger agreement and will continue to vary in the future due to changes in the business, operations or prospects of LSI and Agere, market assessments of the merger, regulatory considerations, market and economic considerations, and other factors both within and beyond the control of LSI and Agere.

***The issuance of shares of LSI common stock to Agere stockholders in the merger will substantially reduce the percentage interests of LSI stockholders.***

If the merger is completed, LSI and Agere expect that (i) approximately 365.8 million shares of LSI common stock would be issued to Agere stockholders, (ii) upon exercise of assumed equity awards, up to approximately 59.7 million shares will be issued to holders of assumed options and restricted stock units and (iii) an additional 23.6 million shares will be issuable upon conversion of Agere s outstanding convertible notes. Based on the number of shares of LSI and Agere common stock outstanding on January 31, 2007, Agere stockholders before the merger will own, in the aggregate, approximately 48% of the fully diluted shares of LSI common stock immediately after the merger, excluding shares issuable upon conversion of Agere s outstanding convertible notes. The issuance of shares of LSI common stock to Agere stockholders in the merger and to holders of assumed options and restricted stock units will cause a significant reduction in the relative percentage interest of current LSI stockholders in earnings, voting, liquidation value and book and market value.

Table of Contents

***The merger is subject to the receipt of consents and approvals from government entities that may impose conditions that could have an adverse effect on LSI or Agere or could cause abandonment of the merger.***

Completion of the merger is conditioned upon the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which has now expired, and also the making of certain filings with and notices to, and the receipt of consents, orders and approvals from, various local, state, federal and foreign governmental entities. Certain of these consents, orders and approvals will involve the relevant governmental entity s consideration of the effect of the merger on competition in various jurisdictions.

The reviewing authorities may not permit the merger at all or may impose restrictions or conditions on the merger that may seriously harm the combined company if the merger is completed. These conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. Either LSI or Agere may refuse to complete the merger if restrictions or conditions are required by governmental authorities that would materially adversely impact the combined company s results of operations or the benefits anticipated to be derived by the combined company. Any delay in the completion of the merger could diminish the anticipated benefits of the merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction.

LSI and Agere also may agree to restrictions or conditions imposed by antitrust authorities in order to obtain regulatory approval, and these restrictions or conditions could harm the combined company s operations. No additional stockholder approvals are expected to be required for any decision by LSI or Agere, after the annual meeting of Agere stockholders and the special meeting of LSI stockholders, to agree to any terms and conditions necessary to resolve any regulatory objections to the merger.

In addition, during or after the statutory waiting periods, and even after completion of the merger, governmental authorities could seek to block or challenge the merger as they deem necessary or desirable in the public interest. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. LSI, Agere or the combined company may not prevail, or may incur significant costs, in defending or settling any action under antitrust laws. See The Merger Agreement Conditions to Obligations to Complete the Merger and The Merger Agreement Regulatory Filings and Approvals Required to Complete the Merger.

***Any delay in completing the merger may significantly reduce the benefits expected to be obtained from the merger.***

In addition to the required regulatory clearances and approvals, the merger is subject to a number of other conditions beyond the control of LSI and Agere that may prevent, delay or otherwise materially adversely affect its completion. See The Merger Agreement Conditions to Obligations to Complete the Merger. LSI and Agere cannot predict whether and when these other conditions will be satisfied. Further, the requirements for obtaining the required clearances and approvals could delay the completion of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger may significantly reduce the synergies and other benefits that LSI and Agere expect to achieve if they successfully complete the merger within the expected timeframe and integrate their respective businesses.

***Customer uncertainties related to the merger could adversely affect the businesses, revenues and gross margins of LSI, Agere and the combined company.***

In response to the announcement of the merger or due to ongoing uncertainty about the merger, customers of LSI or Agere may delay or defer purchasing decisions or elect to switch to other suppliers. In particular, prospective customers could be reluctant to purchase the products and services of LSI, Agere or the combined company due to uncertainty about the direction of the combined company s offerings and willingness to support existing products. To the extent that the merger creates uncertainty among those persons and organizations contemplating purchases such that one large customer, or a significant group of smaller customers, delays, defers or changes purchases in connection with the planned merger, the revenues of LSI, Agere or the combined company would be adversely affected. Customer assurances may be made by LSI and Agere to address their customers uncertainty about the direction of the combined company s product and related support offerings, which may result in additional obligations of LSI, Agere or the combined company. In addition, the announcement of the merger may cause prospective licensees of Agere s intellectual property to delay or defer licensing decisions resulting in a decline in Agere s licensing revenues which could have a significant impact on the profitability of Agere and the combined company. Quarterly revenues and net earnings of LSI, Agere or the combined company could be substantially below expectations of market analysts and a decline in the companies respective stock prices could result.

***Certain directors and executive officers of LSI and Agere have interests in the merger that may be different from, or in addition to, the interests of LSI stockholders and Agere stockholders.***

Executive officers of LSI and Agere negotiated the terms of the merger agreement under the direction of the boards of directors of LSI and Agere, respectively. The board of directors of LSI approved the merger agreement and unanimously recommended that LSI stockholders vote in favor of the issuance of shares of LSI common stock in the merger, and the board of directors of Agere by unanimous vote of the directors present approved the merger agreement and recommended that Agere stockholders vote in favor of the of the adoption of the merger agreement. These directors and executive officers may have interests in the merger that are different from, or in addition to or may be deemed to conflict with, yours. These interests include the continued employment of certain executive officers of LSI and Agere by the combined company, the continued positions of certain directors of LSI and Agere as directors of the combined company and the indemnification of former LSI and Agere directors and officers by the combined company. With respect to Agere directors and executive officers, these interests also include the treatment in the merger of employment agreements, severance policies, restricted stock units, stock options and other rights held by these directors and executive officers. LSI stockholders should be aware of these interests when they consider the LSI board of directors recommendation that LSI stockholders vote in favor of the proposal to issue shares of LSI common stock in the merger, and Agere stockholders should be aware of these interests when they consider the Agere board of directors recommendation that they vote in favor of the proposal to adopt the merger agreement. For a discussion of the interests of directors and executive officers in the merger, see The Merger Interests of the Directors and Executive Officers of Agere in the Merger.

***Provisions of the merger agreement may deter alternative business combinations and could negatively impact the stock prices of LSI and Agere if the merger agreement is terminated in certain circumstances.***

The merger agreement prohibits LSI and Agere from soliciting, initiating, encouraging or facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. The merger agreement also provides for the payment by LSI or Agere of a termination fee of $120 million if the merger agreement is terminated in certain circumstances in connection with a competing third-party acquisition proposal for one of the companies. See The Merger Agreement LSI and Agere Are Prohibited from Soliciting Other Offers and The Merger Agreement Termination; Fees and Expenses. These provisions limit LSI s and Agere s ability to pursue offers from third parties that could result in greater value to the LSI stockholders or the Agere stockholders, as the case may be. The obligation to pay the termination fee also may discourage a third party from pursuing an alternative acquisition proposal. If the merger is terminated and LSI or Agere determine to seek another business combination, neither LSI nor Agere can assure its stockholders that they will be able to negotiate a transaction with another company on terms comparable to the terms of the merger, or that they will avoid incurrence of any fees associated with the termination of the merger agreement.

In the event the merger is terminated by LSI or Agere in circumstances that obligate either party to pay the termination fee to the other party, including where either party terminates the merger agreement because the other party s board of directors withdraws its support of the merger, LSI s and/or Agere s stock prices may decline.

***If the proposed merger is not completed, LSI and Agere will have incurred substantial costs that may adversely affect LSI s and Agere s financial results and operations and the market price of LSI and Agere common stock.***

If the merger is not completed, the price of LSI common stock and Agere common stock may decline to the extent that the current market prices of LSI common stock and Agere common stock reflect a market assumption that the merger will be completed. In addition, LSI and Agere have incurred and will incur substantial costs in connection with the proposed merger. These costs are primarily associated with the fees of attorneys, accountants and LSI s and Agere s financial advisors. In addition, LSI and Agere have each diverted significant management resources in an effort to complete the merger and are each subject to restrictions contained in the merger agreement on the conduct of its business. If the merger is not completed, LSI and Agere will have incurred significant costs, including the diversion of management resources, for which each will have received little or no benefit. Also, if the merger is not completed under certain circumstances specified in the merger agreement, LSI or Agere may be required to pay a termination fee of $120 million. See The Merger Agreement Termination; Fees and Expenses.

In addition, if the merger is not completed, LSI and Agere may experience negative reactions from the financial markets and LSI s and Agere s suppliers, customers and employees. Each of these factors may adversely affect the trading price of LSI and/or Agere common stock and LSI s and/or Agere s financial results and operations.

**Risk Factors Relating to the Combined Company Following the Merger**

***The combined company may fail to realize the benefits expected from the merger, which could adversely affect the value of LSI s common stock.***

The merger involves the integration of LSI and Agere, two companies that have previously operated independently. LSI and Agere entered into the merger agreement with the expectation that, among other things, the merger would enable the combined company to consolidate support functions, leverage its research and development, patents and services across a larger base, and integrate its workforce to create opportunities to achieve cost savings and to become a stronger and more competitive company. Although LSI and Agere expect significant benefits to result from the merger, there can be no assurance that the combined company will actually realize these or any other anticipated benefits of the merger.

The value of LSI s common stock following completion of the merger may be affected by the ability of the combined company to achieve the benefits expected to result from the merger. LSI and Agere currently operate in 20 countries, with a combined workforce of approximately 9,100 employees. Achieving the benefits of the merger will depend in part upon meeting the challenges inherent in the successful combination and integration of global business enterprises of the size and scope of LSI and Agere. The challenges involved in this integration include the following:

- Demonstrating to customers of LSI and Agere that the merger will not result in adverse changes to the ability of the combined company to address the needs of customers or the loss of attention or business focus;
- Coordinating and integrating independent research and development teams across technologies and product platforms to enhance product development while reducing costs;
- Combining product offerings;
- Consolidating and integrating corporate, information technology, finance, and administrative infrastructures;
- Coordinating sales and marketing efforts to effectively position the capabilities of the combined company and the direction of product development; and
- Minimizing the diversion of management attention from important business objectives.

If the combined company does not successfully manage these issues and the other challenges inherent in integrating businesses of the size and complexity of LSI and Agere, then the combined company may not achieve the anticipated benefits of the merger and the revenues, expenses, operating results and financial condition of the combined company could be materially adversely effected. For example, goodwill and other intangible assets could be determined to be impaired which could adversely impact the company s financial results. The successful integration of the LSI and Agere businesses is likely to require significant management attention both before and after the completion of the merger, and may divert the attention of management from business and operational issues of LSI, Agere and the combined company.

Table of Contents

***Uncertainties associated with the merger may cause a loss of employees and may otherwise materially adversely affect the businesses of LSI and Agere, and the future business and operations of the combined company.***

The combined company s success after the merger will depend in part upon the ability of the combined company to retain key employees of LSI and Agere. In some of the fields in which LSI and Agere operate, there are only a limited number of people in the job market who possess the requisite skills. Each of LSI and Agere has experienced difficulty in hiring and retaining sufficient numbers of qualified engineers in parts of their respective businesses. Current and prospective employees of LSI and Agere may experience uncertainty about their post-merger roles with the combined company following the merger. This may materially adversely affect the ability of each of LSI and Agere to attract and retain key management, sales, marketing, technical and other personnel. In addition, key employees may depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company following the merger. The loss of services of any key personnel or the inability to hire new personnel with the requisite skills could restrict the ability of LSI, Agere and the combined company to develop new products or enhance existing products in a timely matter, to sell products to customers or to manage the business of LSI, Agere and the combined company effectively.

***The industries in which LSI and Agere operate are highly cyclical, and operating results of the combined company may fluctuate.***

LSI and Agere operate in the highly cyclical semiconductor device and storage systems industries. These industries are characterized by wide fluctuations in product supply and demand. In the past, the semiconductor industry has experienced significant downturns, often in connection with, or in anticipation of, excess manufacturing capacity worldwide, maturing product cycles and declines in general economic conditions. Even if demand for the products of LSI or Agere remains constant after the completion of the merger, the availability of additional excess production capacity in the semiconductor industry may create competitive pressures that can degrade pricing levels and reduce revenues of the combined company.

***General economic weakness and geopolitical factors may harm the combined company s operating results and financial condition.***

The results of operations of the combined company will be dependent to a large extent upon the global economy. Geopolitical factors such as terrorist activities, armed conflict or global health conditions that adversely affect the global economy may adversely affect the operating results and financial condition of the combined company.

***The combined company will be dependent upon a limited number of customers.***

A limited number of customers will account for a substantial portion of the combined company s revenues. For LSI s most recent fiscal year ended December 31, 2005, International Business Machines Corporation and Seagate Technology represented approximately 16% and 11%, respectively, of LSI s consolidated revenues. For Agere s most recent fiscal year ended September 30, 2006, Seagate Technology, Inc. and Samsung Electronics Co., Ltd. represented approximately 24% and 18%, respectively, of Agere s revenues. If any of the key customers of LSI or Agere were to decide to significantly reduce or cancel its existing business, the operating results and the financial condition of the combined company could be adversely affected. Because many of the products of the combined company will have long product design and development cycles, it may be difficult for the combined company to replace key customers who reduce or cancel existing business. In addition, the combined company may not win new product designs from major existing customers, major customers may make significant changes in scheduled deliveries, or there may be declines in the prices of products sold to these customers, and the business of the combined company may be adversely affected if any of these events were to occur.

***The combined company will depend to a large extent upon independent foundry subcontractors to manufacture its semiconductor products; accordingly, any failure to secure and maintain sufficient foundry capacity could materially and adversely affect the combined company s business.***

Since selling its Gresham, Oregon semiconductor manufacturing facility in May 2006, LSI has relied entirely on independent foundry subcontractors to manufacture its semiconductor products. Agere owns an interest in a joint venture that operates a semiconductor wafer manufacturing facility, but also relies on independent foundry subcontractors to manufacture a significant portion of its semiconductor products. Because the combined company will rely on joint ventures and third party manufacturing relationships, the combined company will face the following risks:

- a manufacturer may be unwilling to devote adequate capacity to production of products for the combined company, or may be unable to produce such products;
- a manufacturer may not be able to develop manufacturing methods appropriate for the products of the combined company;
- manufacturing costs may be higher than planned;
- product reliability may decline;
- a manufacturer may not be able to maintain continuing relationships with suppliers to the combined company; and
- the combined company may have reduced control over delivery schedules, quality, manufacturing yields and costs of products.

If any of these risks were to be realized, the combined company could experience an interruption in supply or an increase in costs, which could adversely affect results of operations.

The ability of an independent foundry subcontractor to provide the combined company with semiconductor devices is limited by its available capacity and existing obligations. Availability of foundry capacity has in the recent past been reduced from time to time due to strong demand. Although each of LSI and Agere have entered into contractual commitments to supply specified levels of products to certain of their respective customers, neither LSI nor Agere have long-term volume purchase agreements or significant guaranteed level of production capacity with any of their third-party foundry suppliers. Foundry capacity may not be available when needed at reasonable prices. Each of LSI and Agere places orders on the basis of its customers purchase orders or its forecast of customer demand, and the foundries can allocate capacity to the production of other companies products and reduce deliveries to LSI and Agere on short notice. It is possible that other foundry customers that are larger and better financed than the combined company, or that have long-term agreements with the foundry suppliers, may induce foundries to reallocate capacity to them. This reallocation could impair the ability of the combined company to secure the supply of components that they need. Also, the foundry suppliers to LSI and Agere migrate capacity to newer, state-of-the-art manufacturing processes on a regular basis, which may create capacity shortages for products designed to be manufactured on older processes. In addition, the occurrence of a public health emergency or natural disaster could further affect the production capabilities of the combined company s manufacturers by resulting in quarantines or closures. If any of the foundry suppliers to the combined company experiences a shortage in capacity, suffers any damage to its facilities due to earthquakes or other natural disasters, experiences power outages, encounters financial difficulties or experiences any other disruption of foundry capacity, the combined company may need to qualify an alternative foundry supplier, which may require several months. As a result of all of these factors and risks, neither LSI nor Agere can provide any assurances that any foundries will be able to produce integrated circuits with acceptable manufacturing yields, or that foundries will be able to deliver enough semiconductor devices to the combined company on a timely basis, or at reasonable prices.

***The combined company will operate in intensely competitive markets.***

Each of LSI and Agere derive significant revenue from the sale of integrated circuits, and LSI also operates in the storage systems segment. These industry segments are intensely competitive and competition is expected to increase as existing competitors enhance their product offerings and as new participants enter the market. The competitors of LSI and Agere include many large domestic and foreign companies that have substantially greater financial, technical and management resources than LSI or Agere. Several major diversified electronics companies offer custom solutions and/or other standard products that are competitive with the products of LSI and Agere. Other competitors are specialized, rapidly growing companies that sell products into the same markets that LSI or Agere target or that the combined company will target. Some of the customers of LSI, Agere or the combined company may also design and manufacture products that will compete with the products of the combined company. Neither LSI nor Agere can provide any assurances that the price and performance of their products will be superior relative to the products of their competitors.

Increased competition may negatively affect the pricing, margins and revenues of the combined company. For example, competitors with greater financial resources may be able to offer lower prices than the combined company, or they may offer additional products, services or other incentives that the combined company may not be able to match. Competitors may be in a stronger position than the combined company to respond quickly to new technologies and may be able to undertake more extensive marketing campaigns. They may also make strategic acquisitions or establish cooperative relationships among themselves or with third parties to increase their ability to gain market share. In addition, competitors may sell commercial quantities of products before the combined company does so, establishing market share and creating a market position that the combined company may not be able to overcome once it introduces similar products in commercial quantities.

***The combined company s target markets are characterized by rapid technological change.***

The industry segments in which each of LSI and Agere currently operate, and in which the combined company will operate, are characterized by rapid technological change, changes in customer requirements, limited ability to accurately forecast future customer orders, frequent new product introductions and enhancements, short product cycles and evolving industry standards. LSI and Agere believe that the combined company s future success will depend, in part, upon its ability to improve on existing technologies and to develop and implement new ones, as well as upon its ability to adopt and implement emerging industry standards in a timely manner and to adapt products and processes to technological changes. If the combined company is not able to successfully implement new process technologies or to achieve volume production of new products at acceptable yields, the operating results and financial condition of the combined company may be adversely affected. In addition, if the combined company fails to make sufficient investments in research and development programs in order to develop new and enhanced products and technologies, or if it focuses on technologies that do not become widely adopted, new technologies could render the current and planned products of LSI, Agere and the combined company obsolete, resulting in the need to change the focus of the combined company s research and development and product strategies and disrupting its business significantly.

In addition, the emergence of markets for integrated circuits may be affected by factors beyond the control of LSI, Agere or the combined company. In particular, products are designed to conform to current specific industry standards. Customers of LSI, Agere or the combined company may not adopt or continue to follow these standards, which would make the combined company s products less desirable to customers, and could negatively affect sales. Also, competing standards may emerge that are preferred by customers of LSI, Agere or the combined company, which could reduce sales and require the combined company to make significant expenditures to develop new products. To the extent that the combined company is not able to effectively and expeditiously adapt to new standards, the business of the combined company may be negatively affected.

***Order or shipment cancellations or deferrals could cause the combined company s revenue to decline or fluctuate.***

Each of LSI and Agere sell, and the combined company is expected to sell, a significant amount of products pursuant to purchase orders that customers may cancel or defer on short notice without incurring a significant penalty.

Cancellations or deferrals could cause the combined company to hold excess inventory, which could adversely affect its results of operations. If a customer cancels or defers product shipments or refuses to accept shipped products, the combined company may incur unanticipated reductions or delays in revenue. If a customer does not pay for products in a timely manner, the combined company could incur significant charges against income, which could materially and adversely affect its results of operations.

Table of Contents

***The combined company will design and develop highly complex products that will require significant investments.***

The products of Agere and LSI are, and the products of the combined company will be, highly complex and significant time and expense are expected to be associated with the design, development and manufacture of the products of the combined company. The combined company is expected to incur substantial research and development costs to confirm the technical feasibility and commercial viability of products, which in the end may not be successful.

***The combined company s products may contain defects.***

The products of LSI, Agere and the combined company may contain undetected defects, errors or failures. These products can only be fully tested when deployed in commercial applications and other equipment. Consequently, customers may discover errors after the products have been deployed. The occurrence of any defects, errors or failures could result in:

- cancellation of orders;
- product returns, repairs or replacements;
- diversion of resources of the combined company;
- legal actions by customers or customers end users;
- increased insurance costs; and
- other losses to the combined company or to customers or end users.

Any of these occurrences could also result in the loss of or delay in market acceptance of products and loss of sales, which could negatively affect the business and results of operations of the combined company. As the combined company s products become even more complex in the future, this risk may intensify over time and may result in increased expenses.

***The manufacturing facilities of the combined company will have high fixed costs and will involve highly complex and precise processes.***

Agere owns assembly and test facilities and has a joint venture fabrication facility and LSI has a storage systems manufacturing facility. Operations at these facilities may be disrupted for reasons beyond the control of LSI, Agere or the combined company, including work stoppages, supply shortages, fire, earthquake, tornado, floods or other natural disasters, any of which could have a material adverse effect on the results of operations or financial position of the combined company. In addition, if the combined company does not experience adequate utilization of, or adequate yields at, its manufacturing facilities, its results of operations may be adversely affected. The manufacture of LSI s and Agere s products involves highly complex and precise processes, requiring production in a clean and tightly controlled environment. In addition, the manufacture of integrated circuits is a highly complex and technologically demanding process. Although each of LSI and Agere work closely with its foundry suppliers to minimize the likelihood of reduced manufacturing yields, such foundries have, from time to time, experienced lower than anticipated manufacturing yields. This often occurs during the production of new products or the installation and start-up of new process technologies. Poor yields from the foundry suppliers to the combined company could result in product shortages or delays in product shipments, which could seriously harm relationships with customers and materially and adversely affect the business and results of operations of the combined company.

***Failure of the combined company to qualify products or its suppliers manufacturing lines may adversely affect results of operations.***

Some customers will not purchase any products, other than limited numbers of evaluation units, until they qualify the manufacturing line for the product. The combined company may not always be able to satisfy the qualification requirements of these customers. Delays in qualification may cause a customer to discontinue use of non-qualified products and result in a significant loss of revenue.

Table of Contents

***The combined company will depend to a certain extent upon third-party subcontractors to assemble, obtain packaging materials for and test certain products.***

Third-party subcontractors located in Asia assemble, obtain packaging materials for and test certain products of LSI. Although Agere owns and operates its own semiconductor assembly and test facilities, the combined company will continue to depend upon third-party subcontractors to assemble and test some of the combined company s semiconductor products or to perform other services for the combined company. To the extent that the combined company does rely upon third-party subcontractors to perform these functions, it will not be able to control directly product delivery schedules and quality assurance. This lack of control may result in product shortages or quality assurance problems that could delay shipments of products or increase manufacturing, assembly, testing or other costs. In addition, if these third-party subcontractors are unable to obtain sufficient packaging materials for products in a timely manner, the combined company may experience product shortages or delays in product shipments, which could materially and adversely affect customer relationships and results of operations. If any of these subcontractors experiences capacity constraints or financial difficulties, suffers any damage to its facilities, experiences power outages or any other disruption of assembly or testing capacity, the combined company may not be able to obtain alternative assembly and testing services in a timely manner. Due to the amount of time that it usually takes to qualify assemblers and testers, the combined company could experience significant delays in product shipments if it is required to find alternative assemblers or testers for such components.

***A widespread outbreak of an illness or other health issue could negatively affect the combined company s manufacturing, assembly and test, design or other operations.***

A widespread outbreak of an illness such as avian influenza, or bird flu, or severe acute respiratory syndrome, or SARS, could adversely affect the combined company s operations as well as demand from customers. A number of countries in the Asia/Pacific region have experienced outbreaks of bird flu and/or SARS. As a result of such an outbreak, businesses can be shut down temporarily and individuals can become ill or quarantined. The combined company will have operations in Singapore, Thailand and China, countries where outbreaks of bird flu and/or SARS have occurred. If operations are curtailed because of health issues, the combined company may need to seek alternate sources of supply for manufacturing or other services and alternate sources can be more expensive. Alternate sources may not be available or may result in delays in shipments to customers which would affect results of operations. In addition, a curtailment of design operations could result in delays in the development of new products. If customers businesses are affected by health issues, they might delay or reduce purchases, which could adversely affect results of operations.

***The combined company will procure parts and raw materials from a limited number of domestic and foreign sources.***

LSI does not maintain an extensive inventory of parts and materials for manufacturing storage systems at its Wichita, Kansas facility. LSI purchases, and expects that the combined company will continue to purchase, a portion of its requirements for parts and raw materials from a limited number of sources, primarily from suppliers in Japan and their U.S. subsidiaries, and obtain other material inputs on a local basis. If the combined company has difficulty in obtaining parts or materials in the future from their existing suppliers, alternative suppliers may not be available, or suppliers may not provide parts and materials in a timely manner or on favorable terms. As a result, the combined company may be adversely affected by delays in product shipments. If the combined company cannot obtain adequate materials for manufacture of its products, or if such materials are not available at reasonable prices, there could be a material adverse impact on operating results and financial condition.

***If the combined company s new product development and expansion efforts are not successful, results of operations may be adversely affected.***

Each of LSI and Agere is currently developing, and LSI expects that the combined company will continue to develop, products in new areas and the combined company may seek to expand into additional areas in the future. The efforts of the combined company to develop products and expand into new areas may not result in sales that are sufficient to recoup its investment, and it may experience higher costs than anticipated. For example, the combined company may not be able to manufacture products at a competitive cost, may need to rely on new suppliers or may find that the development efforts are more costly or time consuming than anticipated. Development of new products often requires long-term forecasting of market trends, development and implementation of new or changing technologies and a substantial capital commitment. There can be no assurance that the products that the combined company selects for investment of its financial and engineering resources will be developed or acquired in a timely manner or will enjoy market acceptance. In addition, the combined company s products may support protocols that are not widely adopted and it may have difficulties entering markets where competitors have strong market positions.

***The combined company may engage in acquisitions and alliances giving rise to financial and technological risks.***

The combined company may explore strategic acquisitions that build upon or expand its library of intellectual property, human capital and engineering talent, and increase its ability to fully address the needs of its customers. For example, in November 2006, LSI acquired StoreAge Networking Technologies Ltd., a privately held software company based in Nesher, Israel, for approximately $50 million in cash. Mergers and acquisitions of high-technology companies bear inherent risks. No assurance can be given that previous acquisitions of LSI or Agere or future acquisitions by the combined company will be successful and will not materially adversely affect the combined company s business, operating results or financial condition. Failure to manage growth effectively or to integrate acquisitions could adversely affect the combined company s operating results and financial condition.

In addition, the combined company may make investments in companies, products and technologies through strategic alliances and otherwise. Investment activities often involve risks, including the need for timely access to needed capital for investments and to invest in companies and technologies that will contribute to the growth of the combined company s business.

***The semiconductor industry is prone to intellectual property litigation.***

As is typical in the semiconductor industry, each of LSI and Agere is frequently involved in disputes regarding patent and other intellectual property rights. Each of LSI and Agere has in the past received, and the combined company may in the future receive, communications from third parties asserting that certain of its products, processes or technologies infringe upon their patent rights, copyrights, trademark rights or other intellectual property rights, and the combined company may also receive claims of potential infringement if it attempts to license intellectual property to others. Defending these claims may be costly and time consuming, and may divert the attention of management and key personnel from other business issues. Claims of intellectual property infringement also might require the combined company to enter into costly royalty or license agreements. The combined company may be unable to obtain royalty or license agreements on acceptable terms. Resolution of whether any of the products or intellectual property of the combined company has infringed on valid rights held by others could have a material adverse effect on results of operations or financial position and may require material changes in production processes and products.

***The combined company may not be able to adequately protect or enforce its intellectual property rights, which could harm its competitive position.***

The combined company s success and future revenue growth will depend, in part, on its ability to protect its intellectual property. The combined company will primarily rely on patent, copyright, trademark and trade secret laws, as well as nondisclosure agreements and other methods, to protect its proprietary technologies and processes. It is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose proprietary technologies and processes, despite efforts by the combined company to protect its proprietary technologies and processes. While the combined company will hold a significant number of patents, there can be no assurances that any additional patents will be issued. Even if new patents are issued, the claims allowed may not be sufficiently broad to protect the combined company s technology. In addition, any of LSI or Agere s existing patents, and any future patents issued to the combined company, may be challenged, invalidated or circumvented. As such, any rights granted under these patents may not provide the combined company with meaningful protection. LSI and Agere may not have, and in the future the combined company may not have, foreign patents or pending applications corresponding to its U.S. patents and applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If the combined company s patents do not adequately protect its technology, competitors may be able to offer products similar to the combined company s products. The combined company s competitors may also be able to develop similar technology independently or design around its patents. Some or all of LSI s and Agere s patents have in the past been licensed and likely will in the future be licensed to certain of the combined company s competitors through cross-license agreements.

***A decline in the revenue that the combined company expects to derive from the licensing of its intellectual property could have a significant impact on net income.***

Agere generates significant revenue from, and the combined company expects to generate significant revenue from, the licensing of its intellectual property. The revenue generated from the licensing of Agere s intellectual property has a high gross margin compared to the revenue generated from the sale of other products currently sold by Agere, and a decline in this licensing revenue could have a significant impact on the profitability of the combined company. The combined company s licensing revenue is expected to come from a limited number of transactions and the failure to complete one or more transactions in a quarter could have a material adverse impact on revenue and profitability.

***The combined company will conduct a significant amount of activity outside of the United States, and will be exposed to legal, business, political and economic risks associated with its international operations.***

Each of LSI and Agere derive, and it is expected that the combined company will derive, a substantial portion of its revenue from sales of products shipped to locations outside of the United States. In addition, each of LSI and Agere manufacture, and the combined company will manufacture, a significant portion of its products outside of the United States and will be dependent on non-U.S. suppliers for many parts and services. The combined company may also pursue growth opportunities in sales, design and manufacturing outside of the United States. Operations outside of the United States are subject to a number of risks and potential costs that could adversely affect revenue and results of operations, including:

- political, social and economic instability;
- fluctuations in currency exchange rates;
- exposure to different legal standards, particularly with respect to intellectual property;
- natural disasters and public health emergencies;
- nationalization of business and blocking of cash flows;
- trade and travel restrictions;
- imposition of governmental controls and restrictions;
- burdens of complying with a variety of foreign laws;
- import and export license requirements and restrictions;
- unexpected changes in regulatory requirements;
- foreign technical standards;

difficulties in staffing and managing international operations;

international trade disputes;

difficulties in collecting receivables from foreign entities or delayed revenue recognition; and

potentially adverse tax consequences.

***The combined company may rely on the capital markets and/or bank markets to provide financing.***

The combined company may rely on the capital markets and/or bank markets to provide financing for strategic acquisitions, capital assets needed in manufacturing facilities and other general corporate needs. As of

December 31, 2006, Agere had approximately $362 million of convertible notes outstanding and LSI had approximately $350 million of convertible notes outstanding. The combined company may need to seek additional equity financing or debt financing from time to time. Historically, each of LSI and Agere has been able to access the capital markets and the bank markets when deemed appropriate, but the combined company may not be able to access these markets in the future on acceptable terms. The availability of capital in these markets may be affected by several factors, including geopolitical risk, the interest rate environment and the condition of the economy as a whole. Moreover, any future equity or equity-linked financing may dilute the equity ownership of existing shareholders. In addition, the operating performance, capital structure and expected future performance of the combined company will affect the combined company s ability to raise capital. LSI and Agere believe that the combined company s cash, cash equivalents, short-term investments and expected future cash from operations will be sufficient to fund its needs in the foreseeable future.

***The combined company will utilize indirect channels of distribution over which it will have limited control.***

Financial results could be adversely affected if the combined company s relationships with resellers or distributors were to deteriorate or if the financial condition of these resellers or distributors were to decline. In addition, as the combined company s business grows, there may be an increased reliance on indirect channels of distribution. There can be no assurance that the combined company will be successful in maintaining or expanding these indirect channels of distribution. This could result in the loss of certain sales opportunities. Furthermore, the partial reliance on indirect channels of distribution may reduce visibility with respect to future business, thereby making it more difficult to accurately forecast orders.

***The combined company may not be able to collect all of its accounts receivable from customers.***

A majority of the trade receivables of LSI and Agere have been, and it is expected that a majority of the trade receivables of the combined company will be, derived from sales of products to large multinational computer, communication, networking, storage and consumer electronics manufacturers. None of LSI, Agere or the combined company can provide any assurances that its accounts receivable balances will be paid on time or at all.

***The trading price of the combined company s stock may be affected by factors different from those currently affecting the prices of LSI and Agere common stock.***

Upon completion of the merger, holders of Agere common stock will become holders of the common stock of LSI. The results of operations of the combined company, as well as the trading price of LSI s common stock after the merger, may be affected by factors different from those currently affecting Agere s results of operations and the trading price of Agere s common stock. For a discussion of the businesses of LSI and Agere and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this joint proxy statement/prospectus and referred to under Where You Can Find More Information.

***The price of the combined company s securities may be subject to wide fluctuations.***

The stock of both LSI and Agere has experienced substantial price volatility, particularly as a result of quarterly variations in results, the published expectations of analysts and announcements by LSI, Agere and their respective competitors, and the stock of LSI after completion of the merger is likely to be subject to similar volatility. Many of the markets from which the combined company expects to derive a substantial portion of revenues are highly cyclical, and the combined company may experience declines in its revenue that are primarily related to industry conditions and not its products. In addition, the stock market has experienced price and volume fluctuations that have affected the market price of many technology companies and that have often been unrelated to the operating performance of such companies. The price of LSI s securities may also be affected by general global, economic and market conditions.

While LSI and Agere cannot predict the individual effect that these and other factors may have on the price of the LSI s securities following completion of the merger, these factors, either individually or in the aggregate, could result in significant variations in LSI s stock price during any given period of time. Fluctuations in LSI s stock price after the completion of the merger may also affect the price of outstanding convertible securities of Agere and LSI, and the likelihood of the convertible securities being converted into cash or equity. If LSI s stock price is below the conversion price of the Agere or LSI convertible notes on the date of maturity, they may not convert into equity and LSI may be required to redeem the outstanding convertible securities for cash. However, in the event they do not convert to equity, LSI and Agere believe that the combined company s cash position and expected future operating cash flows will be adequate to meet these obligations as they mature.

In the past, securities class action litigation often has been brought against a company following periods of volatility in the market price of its securities. Companies in technology industries are particularly vulnerable to this kind of litigation due to the high volatility of their stock prices. Accordingly, the combined company may in the future be the target of securities litigation. Any securities litigation could result in substantial costs and could divert the attention and resources of the combined company s management.

***Future changes in financial accounting standards or practices or existing taxation rules or practices may cause adverse unexpected fluctuations and affect reported results of operations.***

Financial accounting standards in the United States are constantly under review and may be changed from time to time. The combined company would be required to apply these changes. Once implemented, these changes could result in material fluctuations in the results of operations of the combined company and/or the way in which such results of operations are reported. For example, on January 1, 2006, LSI adopted SFAS 123-R. In accordance with the modified prospective transition method, LSI began recognizing compensation expense for all share-based awards granted on or after January 1, 2006, plus unvested awards granted prior to January 1, 2006. The adoption of SFAS 123-R had a significant impact on LSI s operating results as share-based compensation expense is charged directly against reported earnings. Numerous judgments and estimates are involved in the calculation of this expense and changes to those estimates or different judgments could have a significant effect on LSI s reported earnings.

Similarly, the combined company will be subject to taxation in the United States and a number of foreign jurisdictions. Rates of taxation, definitions of income, exclusions from income, and other tax policies are subject to change over time. Changes in tax laws in a jurisdiction in which the combined company has reporting obligations could have a material impact on results of operations.

***The combined company will face uncertainties related to the effectiveness of internal controls.***

Public companies in the United States are required to review their internal controls over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will achieve its stated goal under all potential future conditions, regardless of how remote.

Although each of LSI s and Agere s management has determined, and each of their respective independent registered public accounting firms have attested, that their respective internal controls were effective as of as of the end of their most recent fiscal years, there can be no assurance that the integration of LSI and Agere, and their respective internal control systems and procedures, will not result in or lead to a future material weakness in the combined company s internal controls, or that the combined company or its independent registered public accounting firm will not identify a material weakness in the combined company s internal controls in the future. A material weakness in internal controls over financial reporting would require management and the combined company s independent public accounting firm to evaluate its internal controls as ineffective. If internal controls over financial reporting are not considered adequate, the combined company may experience a loss of public confidence, which could have an adverse effect on its business and stock price.

***Internal control deficiencies or weaknesses that are not yet identified could emerge.***

Over time the combined company may identify and correct deficiencies or weaknesses in its internal controls and, where and when appropriate, report on the identification and correction of these deficiencies or weaknesses. However, the internal control procedures can provide only reasonable, and not absolute, assurance that deficiencies or weaknesses are identified. Deficiencies or weaknesses that are not yet identified by LSI or Agere could emerge and the identification and correction of these deficiencies or weaknesses could have a material impact on the results of operations for the combined company.

Table of Contents

# THE SPECIAL MEETING OF LSI STOCKHOLDERS

## Date, Time and Place

The LSI special meeting of LSI stockholders will be held at 10:00 a.m., local time, on March 29, 2007 at 1621 Barber Lane, Milpitas, California.

Check-in will begin at 9:30 a.m. and LSI stockholders should allow ample time for the check-in procedures.

## Item of Business

At the LSI special meeting, LSI stockholders will be asked to consider and vote upon a proposal to approve the issuance of shares of LSI common stock in connection with the merger as more fully described in this joint proxy statement/prospectus. LSI currently does not contemplate that any other matters will be presented at the LSI special meeting.

## Recommendation of the LSI Board of Directors

After careful consideration, the LSI board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of the LSI stockholders and has unanimously approved the merger agreement. The LSI board of directors recommends that the LSI stockholders vote FOR the proposal to approve the issuance of shares of LSI common stock in connection with the merger.

## Admission to the Special Meeting

Only LSI stockholders, including joint holders, as of the close of business on February 2, 2007, and other persons holding valid proxies for the special meeting are entitled to attend the LSI special meeting. LSI stockholders and their proxies should be prepared to present photo identification. In addition, LSI stockholders who are record holders will have their ownership verified against the list of record holders as of the record date prior to being admitted to the meeting. LSI stockholders who are not record holders but hold shares through a broker or nominee (i.e., in street name) should provide proof of beneficial ownership on the record date, such as their most recent account statement prior to February 2, 2007, or other similar evidence of ownership. Anyone who does not provide photo identification or comply with the other procedures outlined above upon request will not be admitted to the special meeting.

## Method of Voting; Record Date; Stock Entitled to Vote; Quorum

LSI stockholders are being asked to vote both shares held directly in their name as stockholders of record and any shares they hold in street name as beneficial owners. Shares held in street name are shares held in a stock brokerage account or shares held by a bank or other nominee.

The method of voting differs for shares held as a record holder and shares held in street name. Record holders will receive proxy cards. Holders of shares in street name will receive voting instruction cards in order to instruct their brokers or nominees how to vote.

Proxy cards and voting instruction cards are being solicited on behalf of the LSI board of directors from LSI stockholders in favor of the proposal to approve the issuance of shares of LSI common stock in connection with the merger.

Stockholders may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, stockholders who hold shares in more than one brokerage account may receive a separate voting instruction card for each brokerage account in which shares are held. Stockholders of record whose shares are registered in more than one name will receive more than one proxy card. In addition, Agere is also soliciting votes for its annual meeting and stockholders who own shares of both LSI and Agere will also receive a proxy or voting instruction card from Agere. Please note that a vote for the issuance of shares in connection with the merger for the LSI special meeting will not constitute a vote for the proposal to adopt the merger agreement for the Agere special meeting, and vice versa. Therefore, the LSI board of directors urges LSI stockholders to complete, sign, date and return each proxy card and voting instruction card for the LSI special meeting they receive.

Table of Contents

Only stockholders of LSI at the close of business on February 2, 2007, the record date for the LSI special meeting, are entitled to receive notice of, and vote at, the LSI special meeting. On the record date, approximately 404,235,335 shares of LSI common stock were issued and outstanding. Stockholders of LSI common stock on the record date are each entitled to one vote per share of LSI common stock on the proposal to approve the issuance of shares of LSI common stock in connection with the merger.

A quorum of stockholders is necessary to have a valid meeting of LSI stockholders. A majority of the shares of LSI common stock issued and outstanding and entitled to vote on the record date must be present in person or by proxy at the LSI special meeting in order for a quorum to be established.

Abstentions and broker non-votes count as present for establishing the quorum described above. A broker non-vote may occur on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares. Shares held by LSI in its treasury do not count toward the quorum.

**Adjournment and Postponement**

LSI s bylaws provide that any adjournment or postponement of the LSI special meeting may be made at any time by the chairman of the meeting or a vote of stockholders holding a majority of shares of LSI common stock represented at the LSI special meeting, either in person or by proxy, whether or not a quorum exists, without further notice other than by an announcement made at the special meeting. LSI s bylaws also provide that no matter may be brought before a special meeting which is not stated in the notice of the special meeting.

**Required Vote**

Under the applicable rules of the New York Stock Exchange, the issuance of shares of LSI common stock in connection with the merger requires an affirmative vote of a majority of the votes cast at the LSI special meeting, provided that the total votes cast on the proposal represent over 50% of all shares of LSI common stock entitled to vote on the proposal.

Under the applicable rules of the New York Stock Exchange, brokers and other nominees are prohibited from giving a proxy to vote their customers shares with respect to the proposal to be voted on at the LSI special meeting in the absence of instructions from their customers. For purposes of determining whether LSI has received the affirmative vote of a majority of the votes cast at the LSI special meeting, broker non-votes and abstentions will not be considered votes cast and will therefore have no effect on the outcome of the proposal.

For purposes of determining whether the total votes cast represent over 50% of all shares of LSI common stock entitled to vote on the proposal, broker non-votes and abstentions will be considered entitled to vote and will therefore make it more difficult to meet this requirement.

**Share Ownership of Directors and Executive Officers of LSI**

At the close of business on the record date for the LSI special meeting, directors and executive officers of LSI beneficially owned and were entitled to vote approximately 1.8% of the shares of LSI common stock outstanding on that date.

**Voting Procedures**

***Submitting Proxies or Voting Instructions***

Whether LSI stockholders hold shares of LSI common stock directly as stockholders of record or in street name , LSI stockholders may direct the voting of their shares without attending the LSI special meeting. LSI stockholders may vote by granting proxies or, for shares held in street name, by submitting voting instructions to their brokers or nominees.

Record holders of shares of LSI common stock may submit proxies by completing, signing and dating their proxy cards for the LSI special meeting and mailing them in the accompanying pre-addressed envelopes. LSI stockholders who hold shares in street name may vote by mail by completing, signing and dating the voting instruction cards for the LSI special meeting provided by their brokers or nominees and mailing them in the accompanying pre-addressed envelopes.

Table of Contents

If LSI stockholders of record do not include instructions on how to vote their properly signed proxy cards for the LSI special meeting, their shares will be voted FOR the proposal to approve the issuance of shares of LSI common stock in connection with the merger, and in the discretion of the proxy holders on any other business that may properly come before the LSI special meeting or any adjournment or postponement thereof.

If LSI stockholders holding shares of LSI common stock in street name do not provide voting instructions, their shares will not be considered to be votes cast on the proposal.

Stockholders of record of LSI common stock may also vote in person at the LSI special meeting by submitting their proxy cards or by filling out a ballot at the special meeting.

If shares of LSI common stock are held by LSI stockholders in street name , those LSI stockholders may not vote their shares in person at the LSI special meeting unless they bring a signed proxy from the record holder giving them the right to vote their shares and fill out a ballot at the special meeting.

***Revoking Proxies or Voting Instructions***

LSI stockholders may change their votes at any time prior to the vote at the LSI special meeting. LSI stockholders of record may change their votes by granting new proxies bearing a later date (which automatically revoke the earlier proxies) or by attending the LSI special meeting and voting in person. Attendance at the LSI special meeting will not cause previously granted proxies to be revoked, unless LSI stockholders specifically so request. For shares held in street name , LSI stockholders may change their votes by submitting new voting instructions to their brokers or nominees or by attending the LSI special meeting and voting in person, provided that they have obtained a signed proxy from the record holder giving them the right to vote their shares.

***Proxy Solicitation***

LSI is soliciting proxies for the LSI special meeting from LSI stockholders and Agere is soliciting proxies for the Agere annual meeting from its stockholders. Each company will bear its own fees and costs associated with printing and filing this joint proxy statement/prospectus and the registration statement on Form S-4, of which it forms a part, that has been filed by LSI with the Securities and Exchange Commission.

Other than the costs shared with Agere, the cost of soliciting proxies from LSI stockholders will be paid by LSI.

In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person or by telephone, facsimile, telegram or electronic means by LSI s directors, officers and employees, who will not receive any additional compensation for such solicitation activities.

LSI has retained Georgeson Inc. to assist it in the solicitation of proxies.

***Contact for Questions and Assistance in Voting***

Any LSI stockholder who has a question about the merger, the issuance of shares in connection with the merger, or how to vote or revoke a proxy, or who wishes to obtain additional copies of this joint proxy statement/prospectus, should contact:

Georgeson Inc.
17 State Street, 10th Floor
New York, NY 10004

Toll Free: (866) 783-6820
Banks and Brokerage Firms: (212) 440-9800

If you need additional copies of this joint proxy statement/prospectus or voting materials, you should contact Georgeson Inc. as described above or send an e-mail to investorrelations@lsi.com.

**Other Matters**

LSI is not aware of any other business to be acted upon at the LSI special meeting. LSI s bylaws also provide that no matter may be brought before a special meeting which is not stated in the notice of the special meeting. If, however, other matters are properly brought before the LSI special meeting or any adjournment or postponement of the LSI special meeting, the persons named as proxy holders, Abhijit Y. Talwalkar, Bryon Look and Andrew S. Hughes, will have discretion to act on those matters, or to adjourn or postpone the LSI special meeting.

Table of Contents

# THE AGERE ANNUAL MEETING

## Date, Time and Place of Annual Meeting

The Agere annual meeting is scheduled to be held at the Edward Nash Theater at the Raritan Valley Community College, Route 28W and Lamington Road, North Branch, New Jersey 08876, on March 29, 2007, at 9:00 a.m., local time.

Agere will also webcast its annual meeting. Stockholders can access the webcast at http://www.agere.com/webcast. Information on the Agere website, other than this joint registration statement/prospectus and form of proxy, is not part of the proxy soliciting materials.

## Purpose of Annual Meeting

The purpose of the annual meeting is to:

- consider and vote on a proposal to adopt the merger agreement;
- elect three directors to serve until the next annual meeting of stockholders and until their successors are elected and qualified or until the consummation of the merger;
- re-approve the Short Term Incentive Plan;
- ratify the Audit Committee s selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007; and
- transact such other business as may properly come before the meeting and any postponement or adjournment thereof.

**The Agere board of directors recommends that Agere stockholders vote FOR the proposal to adopt the merger agreement. For the reasons for this recommendation, see The Merger Consideration of the Merger by the Agere Board of Directors Recommendation of the Agere Board of Directors. The Agere board of directors also recommends that you vote FOR each of the director nominees listed under the heading Election of Agere Directors, FOR the re-approval of Agere s Short Term Incentive Plan and FOR the ratification of the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007 at the annual meeting.**

## Who Can Vote at the Agere Annual Meeting

Only Agere stockholders of record at the close of business on February 2, 2007, the record date for the Agere annual meeting, will be entitled to notice of, and to vote at, the Agere annual meeting or any adjournments or postponements of the Agere annual meeting.

On the record date, there were 169,422,222 shares of common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the meeting. Shares that are held in Agere s treasury are not considered outstanding or entitled to vote at the Agere annual meeting.

In accordance with Delaware law, a list of stockholders entitled to vote at the meeting will be available at the meeting, and for 10 days prior to the meeting, at 1110 American Parkway NE, Allentown, Pennsylvania 18109, between the hours of 9 a.m. and 4 p.m., local time.

Agere stockholders will be admitted to the Agere annual meeting beginning at 8:00 a.m., local time, on March 29, 2007. You will need your admission ticket as well as a form of personal identification to enter the meeting. The procedure for obtaining an admission ticket depends on whether you are a record holder of Agere stock or if your Agere shares are held in street name. You are a record holder if you hold your Agere shares in an account with Agere s transfer agent, Computershare Investor Services, LLC, or if you have an Agere stock certificate. Your Agere shares are held in street name if you hold them in an account with a bank, broker or other record holder.

If you are an Agere stockholder of record and received this joint proxy statement/prospectus by mail, you will find an admission ticket in the proxy materials that were sent to you. If you are an Agere stockholder of record and received an e-mail describing how to view this joint proxy statement/prospectus over the Internet and want to attend the meeting in person, please write to Agere Systems Inc., 1110 American Parkway NE, Room 10A-301C, Allentown, Pennsylvania 18109, Attention: Response Center, or call 1-800-372-2447, to obtain an admission ticket.

If your Agere shares are held in street name (in the name of a bank, broker or other nominee) and you plan to attend the Agere annual meeting, you can obtain an admission ticket in advance by sending a written request, along with proof of ownership, such as a recent bank or brokerage account statement, to Agere Systems Inc., 1110 American Parkway NE, Room 10A-301C, Allentown, Pennsylvania 18109, Attention: Response Center.

If you plan to attend the Agere annual meeting, please retain the admission ticket. The admission ticket will admit you to the meeting. If you arrive at the meeting without an admission ticket, Agere will admit you if it is able to verify that you are an Agere stockholder.

**Vote Required for Approval**

***Quorum***

The holders of shares possessing a majority of all the votes that could be cast on every matter that is to be voted on must be present, in person or by proxy, in order to transact business at the meeting.

***Required Vote for Adoption of Merger Agreement (Proposal 1)***

The affirmative vote of the holders of a majority of the outstanding shares of Agere common stock is required to adopt the merger agreement.

***Required Vote for Election of Directors (Proposal 2)***

Directors will be elected by a plurality of votes cast. That is, the nominees receiving the greatest number of votes will be elected.

***Required Vote for All Other Matters (Proposals 3 and 4)***

The affirmative vote of the holders of a majority of the common stock present in person or represented by proxy and entitled to vote at the Agere annual meeting is required to re-approve the Short Term Incentive Plan and to ratify the Audit Committee s selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007.

***Effect of Withheld Votes and Abstentions***

All shares of Agere common stock represented at the Agere annual meeting, but not voting, including abstentions and broker non-votes, will be treated as present for purposes of determining the presence or absence of a quorum for all matters for consideration at the Agere annual meeting.

In the election of directors, Agere stockholders may withhold their vote. Withheld votes will be excluded from the vote and will have no effect on the outcome. Agere stockholders may vote to abstain on each of the other proposals. If you vote to abstain, or do not vote, it will have the same effect as a vote against the proposal to adopt the merger agreement. If you vote to abstain it will have the same effect as a vote against the proposal to re-approve the Agere Short Term Incentive Plan and the proposal to ratify the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007. Broker non-votes , if any, will not be counted for purposes of the proposal to re-approve the Agere Short-Term Incentive Plan or the proposal to ratify the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007.

If Agere stockholders return a proxy but do not indicate how to vote, the Agere common stock represented by such proxy will be voted in favor of all matters for consideration at the Agere annual meeting.

Table of Contents

### Adjournments

If a quorum is not present at the Agere annual meeting, the meeting may be adjourned from time to time until a quorum is present. In addition, adjournments of the Agere annual meeting may be made for the purpose of soliciting additional proxies in favor of the proposals. However, no proxy that is voted against a proposal described in this joint proxy statement/prospectus will be voted in favor of adjournment of the Agere annual meeting for the purpose of soliciting additional proxies.

### Proxies and Voting Procedures

You can vote your shares by completing and returning a proxy card or, if your shares are held in street name, a voting instruction form. Most stockholders can also vote over the Internet or by telephone. If Internet and telephone voting are available to you, you can find voting instructions in the materials accompanying this joint proxy statement/prospectus. The Internet and telephone voting facilities will close at 11:59 p.m. Eastern Daylight Time on March 28, 2007. Please be aware that if you vote over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible. If you are a participant in Agere s 401(k) plan, your voting instructions must be received by 11:59 p.m. Eastern Daylight Time on March 26, 2007.

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

The method by which you vote will in no way limit your right to vote at the meeting if you later decide to attend in person. If your shares are held in street name, you must obtain a proxy, executed in your favor, from your broker or other holder of record, to be able to vote at the meeting.

All shares entitled to vote and represented by properly completed proxies received prior to the meeting and not revoked will be voted at the meeting in accordance with your instructions. **If you return a signed proxy card without indicating how your shares should be voted on a matter and do not revoke your proxy, the shares represented by your proxy will be voted as the Agere board of directors recommends and therefore FOR the adoption of the merger agreement, FOR each of the director nominees listed under the heading Election of Agere Directors, FOR the re-approval of Agere s Short Term Incentive Plan and FOR the ratification of the selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007.**

If you hold your shares through a broker, your shares may be voted even if you do not vote or attend the annual meeting. Under the rules of the New York Stock Exchange, member brokers who do not receive instructions from beneficial owners will be allowed to vote on (1) the proposal to ratify the Audit Committee s selection of PricewaterhouseCoopers LLP as Agere s independent registered public accounting firm for fiscal 2007 and (2) the proposal to re-approve the Short Term Incentive Plan. Broker non-votes, if any, will have the same effect as votes cast against the proposal to adopt the merger agreement.

If you hold shares through Agere s 401(k) plan and do not vote, those shares will be voted in the same proportion as shares in the plan that are voted by plan participants.

If any other matters are properly presented at the annual meeting for consideration, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the individuals named as proxies will have discretion to vote on those matters according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. If the annual meeting is postponed or adjourned, your proxy will remain valid and may be voted at the postponed or adjourned meeting. You still will be able to revoke your proxy until it is voted. At the date this joint proxy statement/prospectus went to press, Agere did not know of any matters to be presented at the annual meeting other than those described in this joint proxy statement/prospectus.

**Revoking a Proxy**

You may revoke your proxy at any time before it is exercised by timely delivering a properly executed, later-dated proxy (including by voting over the Internet or telephone) or by voting by ballot at the Agere annual meeting. Simply attending the Agere annual meeting without voting will not revoke your proxy.

**Shares Held in Street Name**

If your shares of Agere common stock are held in an account at a broker, bank or other nominee and you wish to vote, you must return your instructions to the broker, bank or other nominee.

If you own shares of Agere common stock through a broker, bank or other nominee and attend and vote at the Agere annual meeting, you should bring a letter from your broker, bank or other nominee identifying you as the beneficial owner of such shares of Agere common stock and authorizing you to vote.

**Tabulation of Votes**

Agere has appointed IVS Associates, Inc. to serve as Inspector of Election for the Agere annual meeting. Automatic Data Processing, Inc. will independently tabulate affirmative and negative votes and abstentions.

**Dissenters Rights of Appraisal**

Holders of Agere common stock will not have any appraisal rights under the Delaware General Corporation Law or under Agere s certificate of incorporation in connection with the merger, and neither Agere nor LSI will independently provide holders of Agere common stock with any such rights.

**How You Can Reduce the Number of Copies of Our Proxy Materials You Receive**

The Securities and Exchange Commission has rules that permit us to deliver a single copy of our proxy statement and annual report on Form 10-K to stockholders sharing the same address. This process, called householding, allows Agere to reduce the amount of material printed and mail.

Agere has implemented householding for all stockholders who share the same last name and address and, for shares held in street name, where the shares are held through the same nominee (that is, all accounts are at the same brokerage firm), so that they are receiving only one copy of Agere s proxy statement and annual report on Form 10-K per address. If you would like to receive a separate copy of this year s proxy statement and annual report on Form 10-K, please write to Agere Systems Inc., 1110 American Parkway NE, Room 10A-301C, Allentown, Pennsylvania 18109, Attention: Response Center, or call at 1-800-372-2447.

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

If you would like to view future proxy statements and annual reports over the Internet instead of receiving paper copies, you can elect to do so either by voting at http://www.proxyvote.com or by visiting http://www.investordelivery.com. Your election to view these documents over the Internet will remain in effect until you revoke it. Please be aware that if you choose to access these materials over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible. If you choose to view future proxy statements and annual reports over the Internet, next year you will receive an e-mail with instructions on how to view those materials and vote.

Allowing Agere to household annual meeting materials or electing to view them electronically will help save on the cost of printing and distributing these materials.

**Cost of Proxy Distribution and Solicitation**

Agere will pay the expenses of the preparation of the proxy materials and the solicitation of proxies. Proxies may be solicited on behalf Agere in person or by telephone, e-mail, facsimile or other electronic means by directors, officers or employees of Agere, who will receive no additional compensation for soliciting. Agere has engaged The Proxy Advisory Group, LLC to assist in the solicitation of proxies and to provide related informational support, for a fee of $20,000 plus reimbursement of expenses. In accordance with the regulations of the Securities and Exchange Commission and the New York Stock Exchange, Agere will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of Agere Systems stock.

**Agere Fiscal Year and Common Stock Reclassification**

Agere s fiscal year begins on October 1 and ends on September 30. References in this joint proxy statement/prospectus to the year 2006 or fiscal 2006 with respect to Agere refer to the 12-month period from October 1, 2005 through September 30, 2006. In May 2005, Agere reclassified its Class A common stock and Class B common stock into a new, single class of common stock, and effected a 1-for-10 reverse stock split. Information regarding Agere in this joint proxy statement/prospectus has been adjusted to reflect these transactions.

## GOVERNANCE OF AGERE

Pursuant to the Delaware General Corporation Law and Agere s by-laws, Agere s business, property and affairs are managed by or under the direction of the Agere board of directors. The Agere board of directors currently has eight members.

The Agere board of directors has three standing committees:

The Audit Committee, the members of which are: Thomas P. Salice (Chair), Richard S. Hill and Harold A. Wagner.

The Compensation Committee, the members of which are: Harold A. Wagner (Chair), Arun Netravali, Thomas P. Salice and Rae F. Sedel.

The Nominating/Corporate Governance Committee, the members of which are: Rae F. Sedel (Chair), Arun Netravali and Harold A. Wagner.

The Agere board of directors has determined that all the directors other than Mr. Clemmer, including those who serve on these committees, are independent for purposes of Section 303A of the Listed Company Manual of the New York Stock Exchange, and that the members of the Audit Committee are also independent for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934. The Agere board of directors based these determinations primarily on a review of the responses of the directors and executive officers to questions regarding employment and compensation history, affiliations and family and other relationships and on discussions with the directors. The Agere board of directors also reviewed the relationships between Agere and companies with which its directors are affiliated.

The Agere board of directors has adopted a charter for each of the three standing committees and corporate governance guidelines that address the make-up and functioning of the Agere board of directors. The Agere board of directors has also adopted a code of conduct that applies to all of its employees, officers and directors. Agere stockholders can find links to these materials on the Agere website at: http://www.agere.com/governance. Agere stockholders can also obtain this information in print by writing to Agere Systems Inc., 1110 American Parkway NE, Room 10A-301C, Allentown, Pennsylvania 18109, Attention: Response Center, or by calling 1-800-372-2447.

During fiscal 2006, the Agere board of directors held twelve meetings and the committees held a total of twenty-two meetings. None of the directors attended fewer than 75% of the total number of meetings of the Agere board of directors and committees of the Agere board of directors of which he or she was a member during fiscal 2006. At least quarterly, the non-management directors meet in private session without members of management. These sessions are presided over by the Chairman of Agere s board of directors, Mr. Wagner. If Agere stockholders would like to communicate directly with Mr. Wagner or any of the other non-management directors, follow the instructions set forth in the section below entitled Communications with Directors.

### Audit Committee

The Audit Committee focuses its efforts on the following three areas:

The adequacy of Agere s internal controls and financial reporting process and the integrity of its financial statements.

The performance of the internal auditors and the qualifications, independence and performance of the independent auditors.

Agere s compliance with legal and regulatory requirements.

The Audit Committee meets periodically with management to consider the adequacy of Agere s internal controls and the financial reporting process. It also discusses these matters with Agere s independent auditors and with appropriate company financial personnel. The committee reviews Agere s financial statements and discusses them with management and the independent auditors before those financial statements are filed with the Securities and Exchange Commission. The committee met ten times in fiscal 2006.

Table of Contents

The committee regularly meets privately with the independent auditors, has the sole authority to retain and dismiss the independent auditors and periodically reviews their performance and independence from management. The independent auditors have unrestricted access and report directly to the committee.

*Audit Committee Financial Expert.* The Agere board of directors has determined that the Chairman of the committee, Mr. Salice, is an audit committee financial expert, as that term is defined in Item 401(h) of Regulation S-K under the Securities Exchange Act of 1934. In making this determination, the Agere board of directors considered Mr. Salice s educational background and his business experience, which is described below under Election of Directors. The Agere board of directors has also determined that Mr. Salice is independent for purposes of Section 303A of the New York Stock Exchange Listed Company Manual and Section 10A(m)(3) of the Securities Exchange Act of 1934.

**Nominating/Corporate Governance Committee**

The responsibilities of the Nominating/Corporate Governance Committee include:

- Identifying, evaluating and recommending to the Agere board of directors, prospective nominees for Director.
- Periodically reviewing Agere s corporate governance guidelines.
- Periodically reviewing the performance of the Agere board of directors and its members and making recommendations to the Agere board of directors concerning the number, function and composition of the committees of the Agere board of directors.
- Making recommendations to the Agere board of directors from time to time as to matters of corporate governance.

The committee met five times in fiscal 2006.

The Agere board of directors believes that it should be comprised of directors with varied, complementary backgrounds, and that directors should, at a minimum, have expertise that may be useful to the company. Directors should also possess the highest personal and professional ethics and should be willing and able to devote the required amount of time to company business.

When considering candidates for director, the committee takes into account a number of factors, including the following:

- Whether the candidate has relevant business experience.
- Judgment, skill, integrity and reputation.
- Existing commitments to other businesses.
- Independence from management.
- Whether the candidate s election would be consistent with our corporate governance guidelines.
- Potential conflicts of interest with other pursuits, including any relationship between the candidate and any customer, supplier or competitor of Agere.

Legal considerations such as antitrust issues.

Corporate governance background.

Financial and accounting background, to enable the committee to determine whether the candidate would be suitable for Audit Committee membership.

Executive compensation background, to enable the committee to determine whether the candidate would be suitable for Compensation Committee membership.

The size and composition of the existing board of directors.

Table of Contents

The committee will consider candidates for director suggested by stockholders applying the criteria for candidates described above and considering the additional information referred to below. Stockholders wishing to suggest a candidate for director should write to the Corporate Secretary, at the address indicated below, and include:

A statement that the writer is a stockholder and is proposing a candidate for consideration by the committee.

The name of and contact information for the candidate.

A statement of the candidate s business and educational experience.

Information regarding each of the factors listed above, other than the factor regarding board size and composition, sufficient to enable the committee to evaluate the candidate.

Detailed information about any relationship or understanding between the proposing stockholder and the candidate.

A statement that the candidate is willing to be considered and willing to serve as a director if nominated and elected.

Before nominating a sitting director for re-election at an annual meeting, the committee will also consider the director s performance on the Agere board of directors.

When seeking candidates for director, the committee may solicit suggestions from incumbent directors, management or others. In fiscal 2006, the committee also retained an unaffiliated search firm to identify additional director candidates and to provide the committee background information on those candidates. After conducting an initial evaluation of a candidate, the committee will interview the candidate if it believes the candidate might be suitable to be a director. The committee may also ask the candidate to meet with management. If the committee believes a candidate would be a valuable addition to the Agere board of directors, it will recommend to the full board that candidate s election.

This year, Mr. Mancuso, who was appointed a director by the Agere board of directors in July 2006 and Mr. Wilska, who was appointed a director by the Agere board of directors in December 2005, are standing for election by the stockholders for the first time. Mr. Mancuso was recommended to the Agere board of directors by an executive search firm that the Nominating/Corporate Governance Committee had retained to help it identify individuals whose skills and experience might make them valuable additions to the Agere board of directors. The Nominating/Corporate Governance committee believed that the Agere board of directors would benefit from Mr. Mancuso s experience as the chief financial officer of a public company. Mr. Wilska was recommended to the Agere board of directors by a non-management director, who believed that the Agere board of directors would benefit from Mr. Wilska s experience in the mobile phone industry.

Under Agere s by-laws, nominations for Director may be made only by or at the direction of the Agere board of directors, or by a stockholder of record at the time of giving notice who is entitled to vote and delivers written notice along with the additional information and materials required by the by-laws to Agere s Corporate Secretary not less than 45 days nor more than 75 days prior to the first anniversary of the record date for the preceding year s annual meeting. For the annual meeting in the year 2008, in the event the merger is not completed, Agere must receive this notice on or after November 19, 2007, and on or before December 19, 2007. Agere stockholders can obtain a copy of the full text of the by-law provision by writing to Agere s Corporate Secretary, 1110 American Parkway NE, Allentown, Pennsylvania 18109.

**Compensation Committee**

The Compensation Committee is responsible for setting executive officer compensation, for making recommendations to the full Agere board of directors concerning director compensation and for general oversight for the compensation and benefit programs for other employees. The committee met seven times in fiscal 2006.

**Compensation of Directors**

Each of Agere s outside directors, that is, any director who is not an employee of Agere, receives annually a retainer of $45,000 and an option to purchase 10,000 shares of Agere common stock. Each new outside director receives an option to purchase 10,000 shares of Agere common stock when first elected to the Agere board of

Table of Contents

directors. The exercise price per share for these options, which are granted under our Non-Employee Director Stock Plan, is the fair market value of a share on the date of grant. Options granted under the plan generally have a seven-year term and become exercisable on the first anniversary of the date of grant.

Agere also provides outside directors with travel accident insurance when on company business.

**Compensation Committee Interlocks and Insider Participation**

The members of the Compensation Committee in fiscal 2006 were Richard S. Hill (through January 2006), Arun Netravali (from January 2006), Thomas P. Salice, Rae F. Sedel and Harold A. Wagner. None of the members has ever been an officer or employee of Agere or any of its subsidiaries, and no compensation committee interlocks existed during fiscal 2006.

**Communications with Directors**

Individuals who want to communicate with the Agere board of directors or any individual director can write to:

Agere Systems Inc.
Board Administration
Room 4U-541
400 Connell Drive
Berkeley Heights, NJ 07922

Your letter should indicate that you are an Agere stockholder. The Corporate Secretary s office will review each letter. Depending on the subject matter, that office will:

Forward the communication to the director or directors to whom it is addressed;

Attempt to handle the inquiry directly, without forwarding it, for example where it is a request for information about Agere or it is a stock-related matter; or

Not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

At each Agere board meeting, the Corporate Secretary presents a summary of all communications received since the last meeting that were not forwarded and makes those communications available to the directors on request. The Agere board of directors has approved this process.

**Director Attendance at Annual Meetings**

We typically schedule an Agere board meeting in conjunction with the Agere annual meeting and expect that Agere s directors will attend absent a valid reason, such as a schedule conflict. Last year, all of the individuals then serving as directors, other than Mr. Wilska, attended Agere s annual meeting. Mr. Wilska had recently joined Agere s Board and had a pre-existing conflict.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Agere believes that, under the Securities and Exchange Commission s rules for reporting of securities transactions by executive officers, directors and beneficial owners of more than 10% of our common stock, all required reports for fiscal 2006 were timely filed.

Table of Contents

## BENEFICIAL OWNERSHIP OF AGERE COMMON STOCK

### Beneficial Owners of More Than 5% of Agere Common Stock

The following table sets forth information concerning the beneficial ownership of Agere common stock for each person or group of persons known to Agere, as of January 31, 2007, that beneficially owned more than 5% the shares of Agere common stock. The information below is based on public filings made with the Securities and Exchange Commission. These filings contain information as of particular dates and may not reflect current holdings of Agere common stock. To Agere s knowledge, other than as described below, the named person or group of persons has sole voting and investment power with respect to these securities.

| Name and Address of Beneficial Owner | Amount of Beneficial Ownership | Percent of Class(1) |
|---|---|---|
| Capital Research and Management Company<br>333 South Hope Street<br>Los Angeles, CA 90071 | 9,267,920(2) | 5.5% |
| Brandes Investment Partners, L.P.<br>11988 El Camino Real, Suite 500<br>San Diego, CA 92130 | 13,035,919(3) | 7.7% |

(1) Percentage of ownership was determined by dividing (i) the number of shares shown in the table by (ii) 169,332,730, the number of shares of Agere common stock outstanding as of January 31, 2007, unless otherwise indicated.

(2) Based on a Schedule 13G Information Statement amendment filed by Capital Research and Management (Capital Research) on February 14, 2006. Such Schedule discloses that (i) Capital Research has sole voting power with respect to 1,432,600 shares of common stock, and has sole dispositive power with respect to 9,267,920 shares of common stock and does not have shared voting power or dispositive power with respect to any shares, and (ii) Capital Research disclaims beneficial ownership with respect to all such shares.

(3) Based on a Schedule 13G Information Statement filed by Brandes Investment Partners, L.P., Brandes Investment Partners, Inc., Brandes Worldwide Holdings, L.P., Charles H. Brandes, Glenn R. Carlson and Jeffrey A. Busby (Brandes) on February 14, 2006. Such Schedule discloses that (i) Brandes has shared voting power with respect to 11,205,972 shares of common stock, and has shared dispositive power with respect to 13,035,919 shares of common stock and does not have sole voting or dispositive powers over any shares, and (ii) Brandes Investment Partners, Inc., Charles H. Brandes, Glenn R. Carlson and Jeffrey A. Busby disclaim direct ownership of such shares, except for an amount that is substantially less than one percent of such shares, and Brandes Worldwide Holdings, L.P. disclaims direct ownership of such shares.

Table of Contents

### Security Ownership of Directors