

Avago Technologies LTD
Form 424B3
December 07, 2010

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Filed pursuant to Rule 424(b)(3)
and Rule 424(b)(7)
Registration No. 333-168621**

Subject to Completion, Dated December 6, 2010

**PROSPECTUS SUPPLEMENT
(To Prospectus dated August 6, 2010)**

25,000,000 Shares

Ordinary Shares

The selling shareholders identified in this prospectus supplement, including entities affiliated with certain directors of our company, are offering all of the ordinary shares offered hereby and will receive all of the proceeds from this offering. See **Selling Shareholders**.

Our ordinary shares are listed on The Nasdaq Global Select Market under the symbol **AVGO**. On December 3, 2010, the closing price of our ordinary shares as reported on The Nasdaq Global Select Market was \$26.55.

See Risk Factors on page S-4 of this prospectus supplement to read about factors you should consider before buying our ordinary shares.

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

The underwriter has agreed to purchase the ordinary shares from the selling shareholders at a price of \$ per share, which will result in \$ of proceeds to the selling shareholders. To the extent that the underwriter sells more than 25,000,000 ordinary shares, the underwriter has a 30-day option to purchase up to an additional 3,750,000 ordinary shares from the selling shareholders at the price per share stated in the preceding sentence.

The underwriter proposes to offer the ordinary shares offered hereby from time to time for sale in one or more transactions on the NASDAQ Global Select Market, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at

negotiated prices.

The underwriter expects to deliver the ordinary shares against payment on or about , 2010.

Deutsche Bank Securities

The date of this prospectus supplement is December , 2010

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Prospectus

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Neither we, the selling shareholders nor the underwriter have authorized anyone to provide you with information different from that contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus. The selling shareholders are offering to sell, and seeking offers to buy, ordinary shares only in jurisdictions where offers and sales are permitted. The information contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus is accurate only as of the date on the front cover of this prospectus supplement, or other date stated in this prospectus supplement, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our ordinary shares.

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

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the base prospectus, gives more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the headings **Where You Can Find More Information** and **Incorporation by Reference**.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Our website address is www.avagotech.com. Information contained on our website does not constitute part of this prospectus supplement or the accompanying prospectus.

Neither this prospectus supplement nor the accompanying prospectus has been, and neither will be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for the subscription or purchase, of any of the securities registered hereby may not be circulated or distributed, nor may any of the securities registered hereby be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore, other than pursuant to, and in accordance with, the conditions of applicable provisions of the Securities and Futures Act (Chapter 289) of Singapore. See **Underwriting Selling Restrictions Singapore**.

As used in this prospectus supplement, **Avago, Company, we, our, us or Successor** refer to Avago Technologies Limited and its subsidiaries on a consolidated basis, unless otherwise indicated. As used in this prospectus supplement, **Predecessor** refers to the Semiconductor Products Group of Agilent Technologies, Inc., or Agilent.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and documents incorporated by reference into this prospectus supplement may contain **forward-looking statements** within the meaning of the federal securities laws, which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as **believe, expect, may, will, should, seek, approximately, intend, plan, estimate, or anticipate** that concern our strategy, plans or intentions. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projections of financial information and estimates of financial results; any statements regarding our anticipated dividend program; any statements about historical results that may suggest trends for our business; any statements of the plans, strategies and objectives of management for future operations; any statements of expectation or belief regarding future events, technology developments, or enforceability of our intellectual property rights; and any statements of assumptions underlying any of the foregoing. All statements we make relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. These forward-looking statements are based on current expectations, estimates, forecasts and projections of future Company or industry performance based on management's judgment, beliefs, current trends and market conditions and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Accordingly, we caution you not to place undue reliance on these statements. Important factors that could

cause actual results to differ materially from our expectations are disclosed under Risk Factors, elsewhere in this prospectus supplement, or incorporated by reference into this prospectus supplement, including, without limitation, in conjunction with the forward-looking statements included in this prospectus supplement. Some of the factors that we believe could affect our results include:

cyclicality in the semiconductor industry or in our target markets;

quarterly and annual fluctuations in operating results;

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the recent economic downturn and financial crisis and their impact on our business, results of operations, and financial condition;

our ability to adapt to technological changes in the semiconductor industry;

our dependence on contract manufacturing and outsourced supply chain and our ability to improve our cost structure through our manufacturing outsourcing program;

inability to continuously improve manufacturing efficiency and quality;

our competitive performance and ability to continue achieving design wins with our customers;

our ability to protect our intellectual property, defending against third-party intellectual property claims and associated increases in litigation expenditures;

investment in research and development;

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

any expenses or reputational damage associated with resolving customer product and warranty claims and product recalls;

loss of one or more of our significant customers;

our increased dependence on outsourced service providers for certain key business services and their ability to execute to our requirements;

currency fluctuations;

risks relating to the transaction of business internationally;

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

prolonged disruptions of our manufacturing facilities;

our ability to maintain tax concessions in certain jurisdictions;

changes in tax laws;

our ability to achieve the growth prospects and synergies expected from our acquisitions and delays and challenges associated with integrating acquired companies with our existing businesses;

the effects of government regulation on our business;

risks associated with additional, material restructuring charges;

dependence on and risks associated with distributors of our products;

our ability to generate cash sufficient to fund our research and development, capital expenditures and other business needs;

our indebtedness;

certain covenants in our credit agreement; and

other events and trends on a national, regional and global scale, including those of a political, economic, business, competitive and regulatory nature.

All of the forward-looking statements are qualified in their entirety by reference to the factors listed above and those discussed under the heading **Risk Factors** in this prospectus supplement. All forward-looking statements are based on information currently available to us. All of our forward-looking statements, including those included and incorporated by reference in this prospectus supplement and the accompanying prospectus are qualified in their entirety by this statement.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking

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statements contained in this prospectus supplement may not in fact occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

You should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in their entirety. They contain information that you should consider when making your investment decision.

**ENFORCEMENT OF CIVIL LIABILITIES UNDER
UNITED STATES FEDERAL SECURITIES LAWS**

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

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us and the offering of the ordinary shares. This summary is not complete and does not contain all of the information that may be important to you. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the Risk Factors section, and the other documents that we refer to and incorporate by reference herein for a more complete understanding of us and this offering. In particular, we incorporate by reference important business and financial information into this prospectus supplement and the accompanying prospectus.

Our Company

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

We have an almost 50-year history of innovation dating back to our origins within Hewlett-Packard Company. Over the years, we have assembled a large team of analog design engineers, and we maintain design and product development engineering resources around the world. Our locations include two design centers in the United States, five in Asia and four in Europe. We have developed an extensive portfolio of intellectual property that currently includes more than 5,000 U.S. and foreign patents and patent applications.

We have a diversified and well-established customer base of approximately 40,000 end customers which we serve through our multi-channel sales and fulfillment system. We distribute most of our products through our broad distribution network, and a significant portion of our sales are to two of the largest global electronic components distributors, Avnet, Inc. and Arrow Electronics, Inc. We also have a direct sales force focused on supporting large original equipment manufacturers, or OEMs. For the year ended November 1, 2009, our top 10 customers, which included four distributors, collectively accounted for 60% of our net revenue. During the nine months ended August 1, 2010, our top 10 customers, which included five distributors, collectively accounted for 57% of our net revenue.

We focus on maintaining an efficient global supply chain and a variable, low-cost operating model. Accordingly, we have outsourced a majority of our manufacturing operations. We have over 40 years of operating history in Asia, where approximately 60% of our employees are located and where we produce and source the majority of our products. Our presence in Asia places us in close proximity to many of our customers and at the center of worldwide electronics manufacturing.

Recent Developments

Recent Operating Results for the Quarter and Year Ended October 31, 2010 (Unaudited)

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The following information is based on our unaudited results as of October 31, 2010 and for the fiscal quarter and fiscal year ended October 31, 2010, which we announced on December 2, 2010. This information should be read in conjunction with our consolidated financial statements and related notes incorporated by reference into this prospectus supplement. The results described below may not be indicative of results to be expected in any future period.

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Our net revenue for the quarter ended October 31, 2010 was \$572 million, an increase of 4 percent compared with the previous quarter, and up 34 percent from the same fiscal quarter last year. Our gross margin for the quarter ended October 31, 2010 was \$276 million, or 48.3 percent of net revenue. This compares with gross margin of \$263 million, or 47.8 percent of net revenue for the quarter ended August 1, 2010, and gross margin of \$178 million, or 41.6 percent of net revenue in the quarter ended November 1, 2009. Operating expenses were \$131 million for the quarter ended October 31, 2010. This compares with \$128 million in the quarter ended August 1, 2010 and \$173 million in the quarter ended November 1, 2009. Included in the results for the quarter ended November 1, 2009 was a \$54 million advisory agreement termination fee paid to investment funds affiliated with Kohlberg Kravis Roberts & Co., or KKR, and Silver Lake Partners, or Silver Lake (together with KKR, the Sponsors), in connection with our initial public offering. Net income for the quarter ended October 31, 2010 was \$164 million, or \$0.66 per diluted share. Net income for the quarter ended October 31, 2010 includes a discrete tax benefit of approximately \$29 million, related to the release of the tax valuation allowance, primarily as a result of the Company irrevocably calling our 117/8% Senior Subordinated Notes due 2015, or senior subordinated notes, for redemption in October 2010. This compares with net income of \$123 million, or \$0.50 per diluted share for the quarter ended August 1, 2010, and a net loss of (\$21) million, or (\$0.09) per diluted share in the quarter ended November 1, 2009.

Our net revenue for the fiscal year ended October 31, 2010, or fiscal year 2010, grew 41 percent to \$2.1 billion when compared to the fiscal year ended November 1, 2009, or fiscal year 2009. Gross margin for fiscal year 2010 was \$966 million, or 46.2 percent of net revenue, versus \$560 million, or 37.7 percent of net revenue in fiscal year 2009. Net income for fiscal year 2010 was \$415 million, or \$1.69 per diluted share. This compares with a net loss of (\$44) million, or (\$0.20) per diluted share in fiscal year 2009.

Our cash and cash equivalent balance as of October 31, 2010 was \$561 million, compared to \$367 million as of August 1, 2010. The increase in cash is primarily due to \$217 million of cash generated from operations. Subsequent to October 31, 2010, we completed the redemption of our senior subordinated notes (including premium and accrued but unpaid interest up to but not including the redemption date), on December 1, 2010 for \$258 million in cash.

Corporate and Other Information

Avago Technologies Limited was incorporated under the laws of the Republic of Singapore in August 2005. Our Singapore company registration number is 200510713C. The address of our registered office and our principal executive offices is 1 Yishun Avenue 7, Singapore 768923, and our telephone number is +65-6755-7888. We are the successor to the Semiconductor Products Group of Agilent, which we acquired on December 1, 2005. All of our operations are conducted through our various subsidiaries, which are organized and operated according to the laws of their country of incorporation, and consolidated by Avago Technologies Limited.

Table of Contents**The Offering**

Issuer	Avago Technologies Limited
Ordinary shares offered by the selling shareholders	25,000,000 shares (or 28,750,000 shares if the underwriter exercises in full its over-allotment option to purchase additional shares)
Ordinary shares to be outstanding after this offering	239,972,977 shares (or 239,985,631 shares if the underwriter exercises in full its over-allotment option to purchase additional shares)
Risk factors	Investment in our ordinary shares involves risk. You should carefully consider the information set forth in the Risk Factors section of this prospectus supplement and accompanying prospectus as well as the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in our ordinary shares. See Risk Factors beginning on page S-4 of this prospectus supplement for a discussion of the factors you should carefully consider before deciding to invest in our ordinary shares.
Use of proceeds	The selling shareholders will receive all of the proceeds from this offering and we will not receive any proceeds from the sale of ordinary shares in this offering. See Use of Proceeds. The selling shareholders include entities affiliated with directors of our company. Bali Investments S.à.r.l, an entity controlled by KKR and Silver Lake, Seletar Investments Pte. Ltd., or Seletar, and Geysler Investment Pte Ltd., or Geysler, are our controlling shareholders and are selling shareholders in this offering. See Selling Shareholders.
Nasdaq Global Select Market Symbol	AVGO

The number of ordinary shares to be outstanding after the offering is based on 239,888,231 ordinary shares outstanding as of October 31, 2010, plus 84,746 ordinary shares that will be issued upon exercise of options held by selling shareholders for the purpose of selling shares in this offering.

As of October 31, 2010, we had 239,888,231 ordinary shares outstanding, which excludes:

14,980,377 ordinary shares issuable upon the exercise of options outstanding under our Amended and Restated Equity Incentive Plan for Executive Employees of Avago Technologies Limited and Subsidiaries, or the Executive Plan, and Amended and Restated Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and Subsidiaries, or the Senior Management Plan, as of October 31, 2010, at a weighted average exercise price of \$7.84 per share;

8,280,101 ordinary shares issuable upon the exercise of options outstanding under our 2009 Equity Incentive Award Plan as of October 31, 2010, at a weighted average exercise price of \$18.18 per share, and 11,613,935 ordinary shares reserved for future issuance under our 2009 Equity Incentive Award Plan;

477,051 ordinary shares issuable upon the exercise of an option granted to Capstone Equity Investors LLC at an exercise price of \$5.00 per share, including 84,746 shares that will be issued upon the exercise of the option and sold by Capstone in this offering; and

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

Except as otherwise indicated, all information in this prospectus supplement assumes no exercise of the underwriter's option to purchase additional shares from the selling shareholders.

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RISK FACTORS

Investing in our ordinary shares involves a high degree of risk. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision. Our business, operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our ordinary shares. The following important factors, among others, could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf in filings with the Securities and Exchange Commission, or SEC, press releases, communications with investors and oral statements.

Risks Related to Our Business

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

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change and price erosion, evolving technical standards, short product life cycles (for semiconductors and for the end-user products in which they are used) and wide fluctuations in product supply and demand. From time to time, these and other factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry in general and in our business in particular. For example, the global semiconductor market experienced substantial declines in 2001 and 2009, in each case beyond the declines experienced in the typical cycles experienced by the semiconductor industry due in large part to deteriorating global economic conditions during those periods. Periods of industry downturns, including the recent economic downturn, have been characterized by diminished demand for end-user products, high inventory levels, underutilization of manufacturing capacity, changes in revenue mix and accelerated erosion of average selling prices, resulting in, an adverse effect on our business, financial condition and results of operations. We expect our business to continue to be subject to cyclical downturns even as overall economic conditions improve.

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

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

- changes in end-user demand for the products manufactured and sold by our customers;
- the timing of receipt, reduction or cancellation of significant orders by customers;
- fluctuations in the levels of component inventories held by our customers;
- the gain or loss of significant customers;
- market acceptance of our products and our customers' products;
- our ability to develop, introduce and market new products and technologies on a timely basis;
- the timing and extent of product development costs;

new product announcements and introductions by us or our competitors;

incurrence of research and development and related new product expenditures;

seasonality or cyclical fluctuations in our markets;

currency fluctuations;

utilization of our internal manufacturing facilities;

fluctuations in manufacturing yields;

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

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availability and cost of raw materials from our suppliers;

changes in our product mix or customer mix;

intellectual property disputes;

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

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

changes in our tax incentive arrangements or structure, which may adversely affect our net tax expense in any quarter in which such an event occurs.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results. In addition, a significant amount of our operating expenses are relatively fixed in nature due to our significant sales, research and development and internal manufacturing overhead costs. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify the adverse impact of such revenue shortfall on our results of operations. As a result, we believe that quarter-to-quarter comparisons of our revenue and operating results may not be meaningful or a reliable indicator of our future performance. If our operating results in one or more future quarters fail to meet the expectations of securities analysts or investors, an immediate and significant decline in the trading price of our ordinary shares may occur.

The recent economic downturn and financial crisis has negatively affected our business and continuing poor economic conditions may negatively affect our future business, results of operations, and financial condition.

The recent global economic downturn and financial crisis led to slower economic activity, unemployment, concerns about inflation and energy costs, decreased business and consumer confidence, reduced corporate profits and capital spending, adverse business conditions and lower levels of liquidity in many financial markets. The global recession also led to reduced customer spending in the semiconductor market and in our target markets during 2009, made it difficult for our customers, our vendors and us to accurately forecast and plan future business activities, and caused U.S. and foreign businesses to slow spending on our products. It has also caused consumers to reduce spending on many products our customers make, such as personal computers, mobile phone and flat screen televisions. While many areas of the global economy are improving, including portions of the semiconductor industry, a slowdown in the economic recovery or worsening global economic conditions, including as a result of conditions in Europe, may cause additional reductions in customer spending and could lead to the insolvency of key suppliers resulting in product delays, customer insolvencies, and also counterparty failures that may negatively impact our treasury operations. Our business, financial condition and result of operations were negatively affected in prior periods as a result of the recent downturn, and, if the global economic situation worsens, could be materially adversely affected in future periods.

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

The semiconductor industry is subject to constant and rapid changes in technology, frequent new product introductions, short product life cycles, rapid product obsolescence and evolving technical standards. Technological developments may reduce the competitiveness of our products and require unbudgeted upgrades that could be expensive and time consuming to implement. Our products could become obsolete sooner than we expect because of faster than anticipated, or unanticipated, changes in one or more of the technologies related to our products. Furthermore, we continually evaluate expenditures for research and development and must choose among alternative

technologies based on our expectations of future market growth and other factors. We may be unable to develop and introduce new or enhanced products that satisfy customer requirements and achieve market acceptance in a timely manner or at all, the technologies where we have focused our research and development expenditures may not become commercially successful, and we may be unable to anticipate new industry standards and technological changes. We also may not be able to respond successfully to new product announcements and introductions by competitors. If we fail to adapt successfully to technological changes or fail to obtain access to

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important new technologies, we may be unable to retain customers, attract new customers or sell new products to our existing customers.

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

We operate a primarily outsourced manufacturing business model that principally utilizes third-party foundry and assembly and test capabilities. As a result, we are highly reliant on third-party foundry wafer fabrication and assembly and test capacity, including sole sourcing for many components or products. For certain of our product families, substantially all of our revenue from those products is derived from semiconductors fabricated by external foundries such as Taiwan Semiconductor Manufacturing Company Ltd. and WIN Semiconductors Corp. We also use third-party contract manufacturers for a significant majority of our assembly and test operations, including Amertron Incorporated, SAE Magnetics (HK) Ltd, and the Hana Microelectronics Public Company Ltd. group of companies. The ability and willingness of our contract manufacturers to perform is largely outside of our control. If one or more of our contract manufacturers or other outsourcers fails to perform its obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. If one of our suppliers, particularly a single-source supplier, ceases to, or is unable to, manufacture such a component or supply is otherwise constrained, we may be forced to re-engineer a product or may fail to meet customer demand. In addition to discontinuing parts, suppliers may also extend lead times, limit supplies or increase prices due to capacity constraints or other factors. For example, in the event that manufacturing capacity is reduced or eliminated at one or more facilities, including as a response by contract manufacturers to cycles in the semiconductor industry, manufacturing could be disrupted, we could have difficulties fulfilling our customer orders and our net revenue could decline. In addition, if these third parties on whom we are highly reliant fail to deliver quality products and components on time and at reasonable prices, we could have difficulties fulfilling our customer orders and our net revenue could decline. In such events, our business, financial condition and results of operations would be adversely affected.

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

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

product and manufacturing costs that are higher than anticipated;

reduced control over product reliability and delivery schedules;

more complicated supply chains; and

time, expense and uncertainty in identifying and qualifying additional or replacement manufacturers.

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

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

Although we operate using a primarily outsourced manufacturing business model, we do rely on the manufacturing facilities we own, in particular our fabrication facilities in Fort Collins, Colorado and Singapore. We maintain our

internal fabrication facilities for products utilizing our innovative materials and processes, to protect our intellectual property and to develop the technology for manufacturing. A prolonged disruption or material malfunction of, interruption in or the loss of operations at one or more of our production facilities, especially our Fort Collins and Singapore facilities, or the failure to maintain our labor force at one or more of these facilities, would limit our capacity to meet customer demands and delay new product development until a replacement facility and equipment, if necessary, were found. The lease on our primary internal fabrication facility in Singapore expires in 2015. If we are unable to renew this lease on satisfactory terms, we would be required to

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locate suitable replacement premises, with the goal of ensuring a smooth transition between facilities on or prior to the expiration of our current lease. However, the replacement of this, or any other, manufacturing facility could take an extended amount of time and significant expenditures on our part before manufacturing operations could restart. While we would seek to minimize any disruption to our operations and supply chain associated with any such changes in manufacturing facilities, we may experience delays and significant costs resulting from these steps, which could have a material adverse effect on our business, financial condition and results of operations.

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

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

From time to time, we and our suppliers have experienced difficulty in beginning production at new facilities, transferring production to other facilities, achieving and maintaining a high level of process quality and effecting transitions to new manufacturing processes, all of which have caused us to suffer delays in product deliveries or reduced yields. We and our suppliers may experience manufacturing problems in achieving acceptable yields or experience product delivery delays in the future as a result of, among other things, capacity constraints, construction delays, transferring production to other facilities (as we may be required to do with our manufacturing facility in Singapore, in or prior to 2015), upgrading or expanding existing facilities or changing our process technologies, any of which could result in a loss of future revenues. Our results of operations could be adversely affected by any increase in costs related to increases in production capacity if revenues do not increase proportionately.

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

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

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

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

The semiconductor industry is characterized by companies holding large numbers of patents, copyrights, trademarks and trade secrets and by the vigorous pursuit, protection and enforcement of intellectual property rights.

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From time to time, third parties assert against us and our customers and distributors their patent, copyright, trademark, trade secret and other intellectual property rights to technologies that are important to our business. For example, we are currently involved in a dispute with TriQuint Semiconductor, Inc., or TriQuint, in which, among other things, TriQuint is seeking a judgment that one of our patents relating to RF filter technology used in our wireless products is invalid and, if valid, that TriQuint's products do not infringe that patent, and is claiming that certain of our wireless products infringe three of its patents. We intend to pursue this lawsuit vigorously, and future actions may include the assertion by us of additional claims or counterclaims against or by TriQuint related to our respective intellectual property portfolios.

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

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

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

expend significant resources to develop non-infringing technology;

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

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

indemnify customer or distributors;

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

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

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

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

Our success depends in part upon our ability to protect our intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including patents, copyrights, trademarks, service marks, trade secrets and similar intellectual property, as well as customary contractual protections with our customers, suppliers, employees and consultants, and through security measures to protect our trade secrets. We may be required to spend significant resources to monitor and protect our intellectual property rights and there can be no assurance that, even with

significant expenditures, we will be able to protect our intellectual property rights. We are unable to predict that:

any of the patents and pending patent applications, trademarks, copyrights, trade secrets, know-how or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged, or, in the case of third-party intellectual property rights, licensed or sub-licensed to us, be licensed to others;

our intellectual property rights will provide competitive advantages to us;

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

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

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

In addition, our competitors or others may develop products or technologies that are similar or superior to our products or technologies, duplicate our products or technologies or design around our protected technologies. Effective patent, trademark, copyright and trade secret protection may be unavailable or more limited in one or more relevant jurisdictions, relative to those protections available in the United States, or may not be applied for in one or more relevant jurisdictions. Moreover, from time to time we pursue litigation to assert our intellectual property rights, including, in some cases, against third parties with whom we have ongoing relationships such as customers and suppliers, and third parties may pursue litigation against us. For example, we have filed suit against ST Microelectronics NV, or ST Microelectronics, in which we are seeking a judgment that they have infringed five of our patents relating to optical navigation devices, and they have counter-filed against us alleging that certain of our optical navigation devices infringe two of their patents and alleging certain anti-competitive actions by us in the optical navigation sensor market. We intend to pursue this lawsuit vigorously, and future actions may include the assertion by us of additional claims or counterclaims against or by ST Microelectronics related to our respective intellectual property portfolios. An adverse decision in such types of legal action could limit our ability to assert our intellectual property rights and limit the value of our technology, including the loss of opportunities to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property against others. In addition, such legal actions or adverse decisions could otherwise negatively impact our business, financial condition and results of operations.

From time to time we may need to obtain additional intellectual property licenses or renew existing license agreements. We are unable to predict whether these license agreements can be obtained or renewed on acceptable terms or at all.

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

The global semiconductor market is highly competitive. We compete in different target markets to various degrees on the basis of, among other things, quality, technical performance, price, product features, product system compatibility, system-level design capability, engineering expertise, responsiveness to customers, new product innovation, product availability, delivery timing and reliability, and customer sales and technical support. Current and prospective customers for our products evaluate our capabilities against the merits of our direct competitors. Some of our competitors are well established, have a more extensive product portfolio, have substantially greater market share and manufacturing, financial, research and development and marketing resources to pursue development, engineering, manufacturing, marketing and distribution of their products. In addition, many of our competitors have longer independent operating histories, greater presence in key markets, more comprehensive patent protection and greater name recognition. We compete with integrated device manufacturers, or IDMs, and fabless semiconductor companies as well as the internal resources of large, integrated OEMs. Our competitors range from large, international companies offering a wide range of semiconductor products to smaller companies specializing in narrow markets. We expect competition in the markets in which we participate to continue to increase as existing competitors improve or expand

their product offerings. In addition, companies not currently in direct competition with us may introduce competing products in the future. Because our products are often building block semiconductors providing functions that in some cases can be integrated into more complex integrated circuits, or ICs, we also face competition from manufacturers of ICs, as well as customers that develop their own IC products. The competitive landscape is changing as a result of an increasing trend of consolidation within the industry, as some of our competitors have merged with or been acquired by other competitors while others have begun collaborating with each other. We expect this consolidation trend to continue.

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Our ability to compete successfully depends on elements both within and outside of our control, including industry and general economic trends. During past periods of downturns in our industry, competition in the markets in which we operate intensified as manufacturers of semiconductors reduced prices in order to combat production overcapacity and high inventory levels. The actions of our competitors, particularly in the area of pricing, can have a substantial adverse impact on our revenues, and potentially on revenues in specific industry end markets. In periods where the semiconductor industry experiences significant declines, manufacturers in financial difficulties or in bankruptcy may implement pricing structures designed to ensure short-term market share and near-term survival, rather than securing long-term viability. In addition, many of our competitors have substantially greater financial and other resources than us with which to withstand adverse economic market conditions and any associated pricing actions of other market participants in the future.

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

The semiconductor industry requires substantial investment in research and development in order to develop and bring to market new and enhanced technologies and products. In order to remain competitive, we anticipate that we will need to maintain or increase our levels of research and development expenditures, and we expect research and development expenses to increase in absolute dollars for the foreseeable future, due to the increasing complexity and number of products we plan to develop. We do not know whether we will have sufficient resources to maintain or increase the level of investment in research and development required to remain competitive. In addition, we cannot assure you that the technologies where we have focused our research and development expenditures will become commercially successful. If we are required to invest significantly greater resources than anticipated in our research and development efforts without a corresponding increase in revenue, our operating results could decline.

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

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

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

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

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

We are currently, and from time to time may be, subject to warranty or product liability claims that have lead and may in the future lead to significant expenses as we compensate affected customers for costs incurred related to product quality issues. For example, in the second quarter of 2009 we identified a product quality issue with a particular component that we took steps to correct, including notifying our customers and offering to replace such components. We are continuing our discussions with affected customers regarding this issue, and have compensated

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or otherwise rectified the issue with many of those customers. As at August 1, 2010, we have recorded \$17 million in charges associated with this issue, including \$11 million in the first half of fiscal year 2010, and may incur additional charges as we continue to work with our customers to resolve the matter.

Although we maintain product liability insurance, such insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self-insure with respect to certain matters. We may incur costs and expenses in the event of any recall of a customer's product containing one of our devices. The process of identifying a recalled product in devices that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs, contract damage claims from our customers and reputational harm. Costs or payments made in connection with warranty and product liability claims and product recalls could materially affect our financial condition and results of operations.

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

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

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

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

sufficient contract manufacturing capacity, to meet increasing product demand, which could harm our reputation, prevent us from taking advantage of opportunities and reduce revenue growth. In addition, some parts are not readily available from alternate suppliers due to their unique design or the length of time necessary for design work.

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In order to secure components for the production of products, we may continue to enter into non-cancelable purchase commitments with vendors or make advance payments to suppliers, which could reduce our ability to adjust our inventory or expense levels to declining market demands. Prior commitments of this type have resulted in an excess of parts when demand for our products has decreased. Downturns in the semiconductor industry have in the past caused, and may in the future cause, our customers to reduce significantly the amount of products ordered from us. If demand for our products is less than we expect, we may experience excess and obsolete inventories and be forced to incur additional charges. Conversely, if OEMs order more of our products in any particular quarter than are ultimately required to satisfy end customer demand, inventories at these OEMs may grow in such quarter, which could adversely affect our product revenues in a subsequent quarter as such OEMs would likely reduce future orders until their inventory levels realign with end customer demand. In addition, because certain of our sales, research and development and internal manufacturing overhead expenses are relatively fixed, a reduction in customer demand may decrease our gross margins and operating income.

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

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

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

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

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

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

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

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

Some of our customers are material to our business and results of operations. During the nine months ended August 1, 2010, one customer accounted for 10% or more of our net revenue, and our top 10 customers, which included five distributors, collectively accounted for 57% of our net revenue. During fiscal year 2009, no customer accounted for 10% or more of our net revenue, and our top 10 customers, which included four distributors, collectively accounted for 60% of our net revenue. We believe our top customers' purchasing power has given them the ability to make greater demands on their suppliers, including us. We expect this trend to continue, which we expect will result in our results of operations becoming increasingly sensitive to deterioration in the financial condition of, or other adverse developments related to, one or more of our significant customers. Although we

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believe that our relationships with our major customers are good, we generally do not have long-term contracts with any of them, which is typical of our industry. As a result, although our customers provide indications of their product needs and purchases on an annual basis, they generally purchase our products on a weekly or daily basis and the relationship, as well as particular orders, can be terminated at any time. The loss of any of our major customers, or any substantial reduction in sales to any of these customers, could have a material adverse effect on our business, financial condition and results of operations.

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

We either obtain the products we need for our business from third-party contract manufacturers or we obtain the materials we need for our products from suppliers, some of which are our single source suppliers for these materials. We purchase a significant portion of our semiconductor materials from a few suppliers. For the nine months ended August 1, 2010, we purchased 54% of the materials for our manufacturing processes from eight suppliers. For fiscal year 2009, we purchased 52% of the materials for our manufacturing processes from eight suppliers. Substantially all of our purchases are on a purchase order basis, and we have not generally entered into long-term contracts with our contract manufacturers or suppliers. In the event that these purchase orders or relationships with suppliers are terminated, we cannot obtain sufficient quantities of raw materials at reasonable prices, the quality of the material deteriorates, we fail to satisfy our customers' requirements or we are not able to pass on higher materials or energy costs to our customers, our business, financial condition and results of operations could be adversely impacted.

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

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

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

We rely on third-party vendors to provide critical corporate infrastructure services, including, among other things, certain services related to accounting, billing, human resources, information technology, or IT, network development and network monitoring. We depend on these vendors to ensure that our corporate infrastructure will consistently meet our business requirements. The ability of these third-party vendors to successfully provide reliable, high quality services is subject to technical and operational uncertainties that are beyond our control. While we may be entitled to damages if our vendors fail to perform under their agreements with us, our agreements with these vendors limit the amount of damages we may receive. In addition, we do not know whether we will be able to collect on any award of damages or that any such damages would be sufficient to cover the actual costs we would incur as a result of any vendor's failure to perform under its agreement with us. We are currently implementing a phased migration of our data centers in Singapore from one managed location to another, refreshing critical hardware and implementing centralized

disaster recovery procedures. Any difficulties in the migration of certain enterprise-critical applications during this process may result in short periods of downtime for these applications, which may adversely affect our ability to accept customer orders, manufacture or ship products or invoice customers during those periods. Any failure of our corporate infrastructure could have a material adverse effect on

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our business, financial condition and results of operations. Upon expiration or termination of any of our agreements with third-party vendors, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

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

Our gross margin is highly dependent on product mix, with proprietary products and products sold into our industrial and automotive target markets typically providing higher gross margin than other products. A shift in sales mix away from our higher margin products could adversely affect our future gross margin percentages. In addition, semiconductor manufacturing requires significant capital investment, leading to high fixed costs, including depreciation expense. Although we outsource a significant portion of our manufacturing activities, we do retain some semiconductor fabrication facilities. If we are unable to utilize our owned fabrication facilities at a high level, the fixed costs associated with these facilities will not be fully absorbed, resulting in higher average unit costs and lower gross margins. In the past, we have experienced periods where our gross margins declined due to, among other things, reduced factory utilization resulting from reduced customer demand, reduced selling prices and a change in product mix towards lower margin devices. Increased competition and the existence of product alternatives, more complex engineering requirements, lower demand and other factors may lead to further price erosion, lower revenues and lower margins for us in the future.

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

We sell our products throughout the world. In addition, as of August 1, 2010, approximately 67% of our employees are located outside of the United States. Multiple factors relating to our international operations and to particular countries in which we operate could have a material adverse effect on our business, financial condition and results of operations. These factors include:

changes in political, regulatory, legal or economic conditions;

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

disruptions of capital and trading markets;

changes in import or export licensing requirements;

transportation delays;

civil disturbances or political instability;

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

changes in labor standards;

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

nationalization of businesses and expropriation of assets;

changes in tax laws;

currency fluctuations, which may result in our products becoming too expensive for foreign customers or foreign-sourced materials and services becoming more expensive for us; and

difficulty in obtaining distribution and support.

A majority of our products are produced and sourced in Asia, including in China, Malaysia, the Philippines, Singapore, Taiwan and Thailand. Any conflict or uncertainty in these countries, including due to political or civil

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

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

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

Our factories, facilities and distribution system, and those of our contract manufacturers, are subject to risk of catastrophic loss due to fire, flood, or other natural or man-made disasters. The majority of our facilities and those of our contract manufacturers are located in the Pacific Rim region, a region with above average seismic and severe weather activity. In addition, our research and development personnel are concentrated in a few locations, primarily Korea, Malaysia, Singapore, Fort Collins, Colorado and San Jose, California, with the expertise of the personnel at each such location tending to be focused on one or two specific areas. Any catastrophic loss or significant damage to any of these facilities would likely disrupt our operations, delay production, shipments and revenue and result in significant expenses to repair or replace the facility, and in some instances could significantly curtail our research and development efforts in a particular product area or target market. In particular, any catastrophic loss at our Fort Collins, Colorado and Singapore facilities would materially and adversely affect our business.

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

We have structured our operations to maximize the benefit from various tax incentives and tax holidays extended to us in various jurisdictions to encourage investment or employment. For example, we have obtained several tax incentives from the Singapore Economic Development Board, an agency of the Government of Singapore, which provide that certain classes of income we earn in Singapore are subject to tax holidays or reduced rates of Singapore income tax. Each such tax incentive is separate and distinct from the others, and may be granted, withheld, extended, modified, truncated, complied with or terminated independently without any effect on the other incentives. In order to retain these tax benefits in Singapore, we must meet certain operating conditions specific to each incentive relating to, among other things, maintenance of a treasury function, a corporate headquarters function, specified intellectual property activities and specified manufacturing activities in Singapore. Some of these operating conditions are subject to phase-in periods through 2015. The Singapore tax incentives are presently scheduled to expire at various dates generally between 2014 and 2025, subject in certain cases to potential extensions. Absent such tax incentives, the corporate income tax rate in Singapore that would otherwise apply to us would be 17% commencing from the 2010 year of assessment. For the fiscal years ended October 31, 2007, November 2, 2008 and November 1, 2009, the effect of all these tax incentives, in the aggregate, was to reduce the overall provision for income taxes from what it otherwise would have been in such year by approximately \$19 million, \$24 million and \$17 million, respectively. The

tax incentives that we have negotiated in other jurisdictions are also subject to our compliance with various operating and other conditions. If we cannot or elect not to comply with the operating conditions included in any particular tax incentive, we will lose the related tax benefits and could be required to refund material tax benefits previously realized by us with respect to that incentive and,

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depending on the incentive at issue, could likely be required to modify our operational structure and tax strategy. Any such modified structure or strategy may not be as beneficial to us from an income tax expense or operational perspective as the benefits provided under the present tax concession arrangements.

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

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

Tax bills are introduced from time to time to reform U.S. taxation of international business activities. Depending on the final form of legislation enacted, if any, these consequences may be significant for us due to the large scale of our international business activities. If any of these proposals are enacted into legislation, they could have material adverse consequences on the amount of tax we pay and thereby on our financial position and results of operations.

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

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

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

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

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

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

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

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

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

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

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

We also face increasing complexity in our product design and procurement operations as we adjust to new requirements relating to the materials composition of our products, including the restrictions on lead and certain other substances in electronics that apply to specified electronics products sold in the European Union as of July 1, 2006

under the Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive. Other countries, such as the United States, China and Japan, have enacted or may enact laws or regulations similar to the EU legislation. Other environmental regulations may require us to reengineer our products to utilize components that are more environmentally compatible. Such reengineering and component substitution may result in excess inventory or other additional costs and could have a material adverse effect on our results of operations.

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

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

We cannot predict:

changes in environmental or health and safety laws or regulations;

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

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

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

We have taken significant restructuring charges in the past and may need to take material restructuring charges in the future.

During fiscal year 2009, we pursued a number of restructuring initiatives designed to reduce costs and increase revenue across our operations, in large part due to the global economic downturn and related decline in demand for our customers' products. These initiatives included significant workforce reductions in certain areas as we realigned our business, establishing certain operations closer in location to our global customers, evaluating functions more efficiently performed through partnerships or other outside relationships and steps to attempt to further reduce our overhead costs. As a result of these initiatives, we incurred restructuring charges of \$34 million in fiscal year 2009 and have incurred an aggregate of \$4 million during the first three quarters of fiscal year 2010, including \$2 million in the fiscal quarter ended August 1, 2010.

We may be required to take additional charges in the future as we continue to evaluate our operations and cost structures relative to general economic conditions, market demands, cost competitiveness, and our geographic footprint as it relates to our customers' production requirements. We cannot assure you as to the timing or amount of any future restructuring charges. If we are required to take additional restructuring charges in the future, our operating results, financial condition, and cash flows may be adversely impacted. Additionally, there are other potential risks associated with our restructurings that could adversely affect us, such as delays encountered with the finalization and implementation of the restructuring activities, work stoppages, and the failure to achieve targeted cost savings.

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

We sell many of our products to customers through distributors who maintain their own inventory of our products for sale to dealers and end users. We recognize revenues for sales to distributors upon delivery to the distributor. We limit

distributor return rights and we allow limited price adjustments on sales to distributors. We provide reserves for distributor rights related to these limited stock returns and price adjustments. Sales to distributors accounted for 41% and 33% of our net revenue for the nine months ended August 1, 2010 and the fiscal year ended November 1, 2009, respectively.

If these distributors are unable to sell an adequate amount of their inventory of our products in a given quarter to dealers and end users or if they decide to decrease their inventories for any reason, such as due to the recent global

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recession or due to any downturn in technology spending, our sales to these distributors and our revenues may decline. In addition, if distributors decide to purchase more inventory in any particular quarter, due to product availability or other reasons, than is required to satisfy end customer demand, inventory at our distributors may grow in such quarter, which could adversely affect our product revenues in a subsequent quarter as such distributors will likely reduce future orders until their inventory levels realign with end customer demand. For example, during the fiscal year ended November 1, 2009, and in particular during the first fiscal quarter of that year, the semiconductor industry experienced a significant decline in demand. Consequently, our distributors experienced declines in their resales of our products and were carrying a higher level of inventories of our products than historical levels at the end of the first quarter of fiscal year 2009. As a result, our distributors reduced their inventory of our products during the second fiscal quarter of 2009 and we also reduced our own inventory by \$27 million or 15% in that quarter.

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

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

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

We sell many of our products to customers through distributors and manufacturers representatives, as well as through our employee sales representatives. We are unable to predict the extent to which our distributors and manufacturers representatives will be successful in marketing and selling our products. Moreover, many of our distributors and manufacturers representatives and distributors also market and sell competing products. Our relationships with our representatives and distributors may be terminated by either party at any time. As part of a change in strategy, in order to more effectively manage sales representatives performance, we recently terminated our relationships with a substantial number of our manufacturing representatives in the United States and have replaced them with additional employee representatives. Our future performance will depend, in part, on our ability to attract additional distributors or manufacturers representatives that will be able to market and support our products effectively, especially in markets in which we have not previously distributed our products, and on our ability to effectively transition sales efforts from our terminated U.S. manufacturing representatives to our employee sales representatives. If we cannot retain our current distributors or manufacturers representatives or recruit additional or replacement distributors or manufacturers representatives, or effectively manage the transition from our terminated U.S. manufacturing representatives to our employee sales representatives, our sales and operating results will be harmed.

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

The products we develop and sell are used for high volume applications. As a result, the prices of those products have historically decreased rapidly. Gross profits on our products may be negatively affected by, among other things, pricing pressures from our customers, and the proportion of sales of our wireless and other products into consumer application markets, which are highly competitive and cost sensitive. In the past, we have reduced the average selling prices of our products in anticipation of future competitive pricing pressures, new product introductions by us or our competitors and other factors. Our gross profits and financial results will suffer if we are unable to offset any reductions in our average selling prices by increasing our sales volumes, reducing manufacturing costs, or developing

new and higher value-added products on a timely basis.

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

We are required to assess the effectiveness of our internal control over financial reporting annually and disclosure controls and procedures quarterly. As required, we complied with Section 404(a) (management's report on internal control over financial reporting) under the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, for the fiscal year ended November 1, 2009, and we will be required to comply with Section 404(b) (auditor's attestation on management's report) for the fiscal year ended October 31, 2010. The testing by our independent registered public accounting firm that must be performed for the fiscal year ended on October 31, 2010 may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. If we fail to implement the requirements of Section 404 in a timely manner, we might be subject to sanctions or investigation by regulatory agencies such as the SEC. In addition, failure to comply with Section 404 or the disclosure by us of a material weakness may cause investors to lose confidence in our financial statements and the trading price of our ordinary shares may decline.

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

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

We have a \$350 million revolving credit facility, of which \$339 million is currently available for borrowings. Borrowings under our senior credit agreement are secured by substantially all of our assets. Subject to restrictions in our senior credit agreement, we may incur additional indebtedness.

While we have recently significantly reduced the amount of our indebtedness by redeeming and repurchasing all of our previously outstanding notes in 2009 and 2010, if we were to borrow substantial amounts under our revolving credit facility or otherwise incur significant additional indebtedness, it could have important consequences including:

increasing our vulnerability to adverse general economic and industry conditions;

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

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

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

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

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

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

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

Our senior credit agreement imposes significant restrictions on our business.

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

- incur additional indebtedness and issue ordinary or preferred shares;
- pay dividends or make other distributions on, redeem or repurchase our shares or make other restricted payments;
- make investments, acquisitions, loans or advances;
- incur or create liens;
- transfer or sell certain assets;
- engage in sale and lease back transactions;
- declare dividends or make other payments to us;
- guarantee indebtedness;
- engage in transactions with affiliates; and
- consolidate, merge or transfer all or substantially all of our assets.

In addition, over a specified limit, our senior credit agreement requires us to meet a financial ratio test and restricts our ability to make capital expenditures or prepay certain other indebtedness. Our ability to meet the financial ratio test may be affected by events beyond our control, and we do not know whether we will be able to maintain this ratio. The foregoing restrictions could limit our ability to plan for, or react to, changes in market conditions or our capital needs. We do not know whether we will be granted waivers under, or amendments to, our senior credit agreement if for any reason we are unable to meet these requirements, or whether we will be able to refinance our indebtedness on terms acceptable to us, or at all.

The breach of any of these covenants or restrictions could result in a default under our senior credit agreement. If we are unable to repay amounts due under the credit facility when due or in the event of a default, the lenders under our senior credit agreement could proceed against the collateral securing that debt. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Investments in Singapore Companies

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

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

There is no treaty between the United States and Singapore providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters and a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would, therefore, not be automatically enforceable in Singapore. There is doubt whether a Singapore court may impose civil liability on us or our directors and officers who reside in Singapore in a suit

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brought in the Singapore courts against us or such persons with respect to a violation solely of the federal securities laws of the United States, unless the facts surrounding such a violation would constitute or give rise to a cause of action under Singapore law. Consequently, it may be difficult for investors to enforce against us, our directors or our officers in Singapore judgments obtained in the United States which are predicated upon the civil liability provisions of the federal securities laws of the United States.

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

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

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

Under Singapore law, we may only allot and issue new shares with the prior approval of our shareholders in a general meeting. At our 2010 annual general meeting of shareholders, our shareholders provided our directors with the general authority to allot and issue any number of new ordinary shares until the earlier of (i) the conclusion of our 2011 annual general meeting, (ii) the expiration of the period within which the next annual general meeting is required to be held (i.e., within 15 months from the conclusion of the last general meeting) or (iii) the subsequent revocation or modification of such general authority by our shareholders acting at a duly noticed and convened meeting. Subject to the general authority to allot and issue new ordinary shares provided by our shareholders, the provisions of the Singapore Companies Act and our memorandum and articles of association, our board of directors may allot and issue new ordinary shares on terms and conditions as they may think fit to impose. Any additional issuances of new ordinary shares by our directors may adversely impact the market price of our ordinary shares.

Risks Relating to Owning Our Ordinary Shares

Control by principal shareholders could adversely affect our other shareholders.

When this offering is completed, investment funds affiliated with KKR and investment funds affiliated with Silver Lake together will beneficially own approximately 39.6% of our outstanding ordinary shares through their ownership of Bali Investments S.à.r.l, and Seletar and Geyser will beneficially own approximately 5.2% and 3.5% of our outstanding ordinary shares, respectively (based on the number of ordinary shares outstanding as of October 31, 2010 and excluding shares issuable upon exercise of outstanding options other than options exercised by one of the selling shareholders for the purpose of selling shares in this offering), assuming no exercise of the underwriter's option to purchase additional shares. In addition, pursuant to the terms of our Second Amended and Restated Shareholder Agreement, or the Shareholder Agreement, KKR and Silver Lake, which we refer to as the Sponsors, or their respective affiliates, and Seletar, can elect their respective designees to serve as members of our board of directors. These shareholders will have a continuing ability to control our board of directors and will continue to have significant influence over our affairs for the foreseeable future, including controlling the election of directors and significant corporate transactions, such as a merger or other sale of our company or our assets. This concentrated

control will limit the ability of other shareholders to influence corporate matters and, as a result, we may take actions that our non-Sponsor shareholders do not view as beneficial. For example, this concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could cause the market price of our ordinary shares to decline or prevent our shareholders from realizing a premium over the market price for their ordinary shares.

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Although Bali ceased to own a majority of our outstanding shares as a result of our secondary offering that closed on August 18, 2010, we remain a controlled company under the rules of The Nasdaq Global Select Market, since Bali, Seletar and Geysler, together referred to as the Sponsor Group, have elected to file as a group with the SEC with respect to their collectively ownership of our ordinary shares and we are presently exempt from the rules of The Nasdaq Global Select Market that require that our board of directors be comprised of a majority of independent directors, that our compensation committee be comprised solely of independent directors and that our nominating and governance committee be comprised solely of independent directors. Following the completion of this offering, Bali, Seletar and Geysler will cease to own a majority of our outstanding shares and we will no longer be a controlled company under the rules of the The Nasdaq Global Select Market, therefore our board of directors will be required to be composed of a majority of independent directors and our compensation committee and nominating and corporate governance committee will be required to be comprised entirely of independent directors, subject to the applicable transition periods prescribed by The Nasdaq Global Select Market rules.

There has been a public market for our ordinary shares for only a short period of time. An active, liquid and orderly market for our ordinary shares may not develop or be sustained, which could depress the trading price of our ordinary shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

At times, our share price has been volatile and it may fluctuate substantially in the future, which could result in substantial losses for our investors.

The trading price of our ordinary shares has, at times, fluctuated significantly. Our ordinary shares have traded as high as \$28.48 per share and as low as \$14.33 per share since our initial public offering, or IPO, in August 2009. The trading price of our ordinary shares could be subject to wide fluctuations in response to many risk factors listed in this Risk Factors section, and others, many of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- overall conditions in the semiconductor market;
- addition or loss of significant customers;
- changes in laws or regulations applicable to our products;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of technological innovations by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- competition from existing products or new products that may emerge;
- issuance of new or updated research or reports by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;

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

announcement of, or expectation of additional financing efforts;

sales of our ordinary shares by us or our shareholders;

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

changes in our dividend policy.

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

There has been a public market for our ordinary shares for only a short period of time. An active, liquid and orderly market for our ordinary shares may not develop or be sustained, which could depress the trading price of our ordinary shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

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

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

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

Sales of a substantial number of our ordinary shares in the public market after this offering, or the perception that these sales might occur, could depress the market price of our ordinary shares and could impair our ability to raise capital through the sale of additional equity securities.

The selling shareholders, who will together hold approximately 116.0 million ordinary shares after this offering, have signed lock-up agreements with the underwriter of this offering, under which they have agreed not to sell, transfer or dispose of, directly or indirectly, any shares of our ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares without the prior written consent of Deutsche Bank Securities for a period of 30 days, subject to a possible extension under certain circumstances, after the date of this prospectus supplement. All of the shares that are subject to lock-up agreements are subject to the contractual transfer restrictions in our Shareholder Agreement, which is described under Description of Share Capital Second Amended and Restated Shareholder Agreement Transfer Restrictions in the accompanying prospectus.

The underwriter of this offering may, in its sole discretion, release all or some portion of the shares subject to the 30-day lock-up agreements prior to expiration of such period, and the Company and the Sponsors may decide to waive the restrictions in the Shareholder Agreement.

An aggregate of approximately 1.8 million shares as of August 1, 2010 and additional shares subject to options (of which 4.5 million were vested and exercisable as of August 1, 2010), held by certain employees and former employees were subject to transfer restrictions, subject to certain exceptions, pursuant to the terms of the management shareholders agreement, or Management Shareholders Agreement, to which they were party. The Management Shareholders Agreements, and the share transfer restrictions contained therein, were terminated with effect from

September 27, 2010. As a result, these shares have become generally available for sale, subject to compliance with applicable securities laws and our insider trading policy.

After this offering, the selling shareholders will hold approximately 116.0 million of our ordinary shares, based on shares outstanding as of October 31, 2010, and will be entitled to rights with respect to registration of such shares under the Securities Act pursuant to a registration rights agreement. See Description of Share Capital

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Registration Rights Agreement in the accompanying prospectus. In addition, upon exercise by our executive officers and certain other employees of outstanding options granted under our pre-IPO equity incentive plans, our executive officers and those other employees will be entitled to rights with respect to registration of the ordinary shares acquired on exercise. If such holders, by exercising their registration rights, sell a large number of shares, they could adversely affect the market price for our ordinary shares. If we file a registration statement for the purposes of selling additional shares to raise capital, and are required to include shares held by these holders pursuant to the exercise of their registration rights, our ability to raise capital may be impaired.

In addition, shares issued pursuant to our equity incentive plans may be freely sold in the public market upon vesting and issuance, subject to the applicable plan under which they were issued and/or the option agreements entered into with option holders.

There can be no assurance that we will continue to declare cash dividends or declare them in any particular amounts.

Notwithstanding that we recently adopted a cash dividend policy, and have declared our first interim cash dividend of \$0.07 per share, payable on December 30, 2010 to shareholders of record on December 15, 2010, there can be no assurance that we will declare cash dividends in the future or in any particular amounts. The actual declaration and payment of any future dividend is subject to the approval of our board of directors and our dividend policy could change at any time. The payment of cash dividends is restricted under the terms of our senior credit agreement, applicable law and our corporate structure. Pursuant to Singapore law and our articles of association, no dividends may be paid except out of our profits. Also, because we are a holding company, our ability to pay cash dividends on our ordinary shares may be limited by restrictions on our ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the terms of our credit agreement. In addition to these constraints, the payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as our earnings levels, capital requirements, contractual restrictions, cash position and overall financial condition and any other factors deemed relevant by our board of directors.

Furthermore, any such dividend, if declared, may be an interim dividend, under Singapore law, which is wholly provisional and may be revoked by our board of directors at any time prior to the payment thereof.

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

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, listing requirements of The Nasdaq Global Select Market and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increases demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations. We may need to hire more employees in the future, which will increase our costs and expenses. Furthermore, as we grow our business or acquire new businesses, our internal controls will become more complex and we may require significantly more resources to ensure our internal controls overall remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding

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compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Being a public company makes it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on committees of our board of directors, and qualified executive officers.

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

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

Our actual operating results may differ significantly from our guidance.

From time to time, we release guidance regarding our future performance that represents our management's estimates as of the date of release. This guidance, which consists of forward-looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in the release. Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto.

Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data diminishes the farther in the future that the data is forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it.

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Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in, or incorporated by reference into, this prospectus could result in the actual operating results being different than the guidance, and such differences may be adverse and material.

USE OF PROCEEDS

The selling shareholders will receive all of the proceeds from this offering, and we will not receive any proceeds from the sale of ordinary shares in this offering. We will pay the expenses associated with the sale of those ordinary shares pursuant to the Registration Rights Agreement described under **Description of Share Capital** **Registration Rights Agreement** in the accompanying prospectus. The selling shareholders include entities affiliated with directors of our company. Bali Investments S.à.r.l, an entity controlled by KKR and Silver Lake, together with Seletar and Geysler currently own a majority of our ordinary shares and each of them is a selling shareholder in this offering. See **Selling Shareholders**.

PRICE RANGE OF ORDINARY SHARES**Market Information**

Our ordinary shares have been listed on The Nasdaq Global Select Market under the symbol **AVGO** since our IPO on August 6, 2009. Prior to that date, there was no public market for our ordinary shares. The following table sets forth, for the periods indicated, the high and low sales prices of our ordinary shares as reported by The Nasdaq Global Select Market:

	High	Low
Fiscal Year Ended November 1, 2009		
Fourth Quarter (beginning August 6, 2009)	\$ 19.00	\$ 14.72
Fiscal Year Ended October 31, 2010		
First Quarter	\$ 19.55	\$ 14.33
Second Quarter	22.88	16.50
Third Quarter	23.69	18.38
Fourth Quarter	24.95	18.41
Fiscal Year Ending October 30, 2011		
First Quarter (through December 3, 2010)	\$ 28.48	\$ 23.77

The closing sale price per ordinary share on December 3, 2010, as reported by The Nasdaq Global Select Market, was \$26.55.

Holders

As of October 31, 2010, there were 14 holders of record of our ordinary shares. A substantially greater number of shareholders are street name or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

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DIVIDEND POLICY

Our board of directors has adopted a dividend policy authorizing us to pay a quarterly cash dividend not to exceed \$0.07 per ordinary share, per quarter, with the declaration and payment of such dividend to commence no earlier than the first quarter of the fiscal year ending October 30, 2011, and on December 1, 2010, our board of directors declared an interim cash dividend of \$0.07 per ordinary share, which cash dividend will be payable on December 30, 2010 to our shareholders of record at 5:00 p.m., Eastern Time, on December 15, 2010. Under Singapore law, an interim dividend is wholly provisional and may be revoked by our board of directors at any time prior to the payment thereof.

Our board of directors reviews our dividend policy regularly and the declaration and payment of any future cash dividends will be at the discretion and approval of our board of directors and subject to the board's continuing determination that they are in the best interests of the Company. Future dividend payments will also depend upon such factors as our earnings levels, capital requirements, contractual restrictions, cash position, overall financial condition and any other factors deemed relevant by our board of directors.

The payment of cash dividends on ordinary shares is restricted under the terms of our senior credit agreement, applicable law and our corporate structure. Pursuant to Singapore law and our articles of association, no dividends may be paid except out of our profits. Also, because we are a holding company, our ability to pay cash dividends on our ordinary shares may be limited by restrictions on our ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the terms of our senior credit agreement.

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of August 1, 2010.

You should read this table together with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes incorporated by reference into this prospectus supplement from our Annual Report on Form 10-K for the fiscal year ended November 1, 2009 and our most recent Quarterly Report on Form 10-Q for the quarter ended August 1, 2010.

	As of August 1, 2010
	Actual
	(Unaudited)
	(In millions, except
	share data)
Total long-term debt and capital lease obligations(1)	\$ 234
Shareholders' equity	
Ordinary shares, no par value; 239,084,469 shares issued and outstanding	1,435
Accumulated deficit	(105)
Accumulated other comprehensive income	3
Total shareholders' equity	1,333
Total capitalization	\$ 1,567

(1) On December 1, 2010, we completed the redemption of all \$230 million in outstanding principal amount of our 117/8% Senior Subordinated Notes due 2015.

As of August 1, 2010, we had 239,084,469 ordinary shares outstanding, which excludes:

15,810,660 ordinary shares issuable upon the exercise of options outstanding under our Executive Plan and Senior Management Plan, at a weighted average exercise price of \$7.85 per share;

5,991,000 ordinary shares issuable upon the exercise of options outstanding under our 2009 Equity Incentive Award Plan, at a weighted average exercise price of \$17.26 per share, and 14,009,000 ordinary shares reserved for future issuance under our 2009 Equity Incentive Award Plan;

526,826 ordinary shares issuable upon the exercise of an option granted to Capstone Equity Investors LLC at an exercise price of \$5.00 per share, including 84,746 shares that will be issued upon the exercise of the option and sold by Capstone in this offering; and

up to 8,000,000 ordinary shares issuable pursuant to our ESPP.

Table of Contents**SELLING SHAREHOLDERS**

The following table sets forth information about the beneficial ownership of our ordinary shares at December 1, 2010 for each of the selling shareholders.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all ordinary shares that they beneficially own, subject to applicable community property laws.

Ordinary shares subject to options that are currently exercisable or exercisable within 60 days of December 1, 2010 are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person or entity but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or entity.

Percentage ownership Prior to the Offering is based on 240,188,311 ordinary shares outstanding on December 1, 2010. Beneficial ownership After the Offering is calculated based on 240,188,311 ordinary shares outstanding as of December 1, 2010, plus 84,746 shares that will be issued upon exercise of options held by selling shareholders for the purpose of selling shares in this offering. Beneficial ownership After the Offering (Over-allotment Option Exercised in Full) is calculated based on 240,188,311 ordinary shares outstanding as of December 1, 2010, plus 97,400 shares that will be issued upon exercise of options held by selling shareholders for the purpose of selling shares in this offering assuming the underwriter exercises in full its over-allotment option to purchase additional shares.

	Ordinary Shares Beneficially Owned(1)		Shares Subject to Over-allotment Option	Ordinary Shares Beneficially Owned(1)		Percentage of Shares Beneficially Owned		
	Prior to the Offering	Shares Being Offered		After the Offering	After the Offering (Over-allotment Option Exercised in Full)**	Prior to the Offering	After the Offering	After the Offering (Over-allotment Option Exercised in Full)*
Selling Shareholders:								
Avago Investments								
Avago Investments (2)	115,687,178	20,436,209	3,068,566	95,250,969	92,182,403	48.2%	39.6%	38.4%
Avago Investments (3)								
Avago Investments (4)								
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Avago Investments (99)								
Avago Investments (100)								

Suite 500, 13-7th Avenue S.W. Calgary, Canada Funds affiliated with Ever Lake(4)	115,687,178	20,436,209	3,068,566	95,250,969	92,182,403	48.2%	39.6%	38.4%
England House, P.O. Box 309 South Church Street, George Town Grand Cayman, Cayman Islands Metar Investments Pte Ltd(5)	15,128,102	2,687,427	401,268	12,440,675	12,039,407	6.3%	5.2%	5.0%
16 Orchard Road The Atrium @ Orchard Singapore 238891 James A. Davidson(6)	115,737,178	20,436,209	3,068,566	95,300,969	92,232,403	48.2%	39.7%	38.4%

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	Ordinary Shares Beneficially Owned(1)		Ordinary Shares Beneficially Owned(1)			Percentage of Shares Beneficially Owned		
	Prior to the Offering	Shares Being Offered	Shares Subject to Over-allotment Option	After the Offering	After the Offering (Over-allotment Option Exercised in Full)**	Prior to the Offering	After the Offering	After the Offering (Over-allotment Option Exercised in Full)**
Kenneth Y. Hao(7) Geysler Investment Pte. Ltd.(8) c/o GIC 168 Robinson Road #37-01 Capital Tower Singapore 068912 Capstone Equity Investors LLC(9)	115,737,178	20,436,209	3,068,566	95,300,969	92,232,403	48.2%	39.7%	38.4%
	10,085,400	1,791,618	267,512	8,293,782	8,026,270	4.2%	3.5%	3.3%
	477,051	84,746	12,654	392,305	379,651	*	*	*

* Represents beneficial ownership of less than 1%.

** If the underwriter does not exercise its option to purchase additional shares in full, then the shares to be sold by each selling shareholder will be reduced pro rata according to the portion of the over-allotment option that is not exercised.

- (1) Shares shown in the table above include shares held in the beneficial owner's name or jointly with others, or in the name of a bank, nominee or trustee for the beneficial owner's account.
- (2) Bali Investments S.à.r.l., or Bali, is a Luxembourg corporation, the shareholders of which include investment entities affiliated with KKR (such entities, as more specifically defined below, the KKR Entities) and investment funds affiliated with Silver Lake (such funds, as more specifically defined below, the Silver Lake Funds). Messrs. Adam H. Clammer, James A. Davidson, Kenneth Y. Hao and William J. Janetschek and Dr. Wolfgang Zettel, in their capacities as directors of Bali, may be deemed to have shared voting or dispositive power over these shares. Each of them, however, disclaims this beneficial ownership.
- (3) Shares shown in the table above consist of 115,687,178 shares beneficially owned by Bali, over which the KKR Entities and Avago Investment Partners, Limited Partnership, or AIP, may be deemed, as a result of their ownership of Bali's outstanding shares, to have shared voting or dispositive power. The KKR Entities disclaim this beneficial ownership except for the shares that are deemed to be held indirectly by the KKR Entities in which such funds have a pecuniary interest, which consist of their 46.4% ownership of Bali, which is equivalent to an

indirect ownership of 53,652,846 ordinary shares of Avago. AIP owns approximately 7.0% of Bali.

KKR Millennium Fund (Overseas), Limited Partnership, or Millennium Fund, as a shareholder of Bali, may be deemed to indirectly own 11,913,790 ordinary shares of Avago. KKR Associates Millennium (Overseas), Limited Partnership is the sole general partner of Millennium Fund. KKR Millennium Limited is the sole general partner of KKR Associates Millennium (Overseas), Limited Partnership. KKR Associates Millennium (Overseas), Limited Partnership and KKR Millennium Limited disclaim beneficial ownership of the ordinary shares indirectly owned by Millennium Fund.

KKR European Fund, Limited Partnership, or European Fund, as a shareholder of Bali, may be deemed to indirectly own 23,721,954 ordinary shares of Avago. KKR Associates Europe, Limited Partnership is the sole general partner of European Fund. KKR Europe Limited is the sole general partner of KKR Associates Europe, Limited Partnership. KKR Associates Europe, Limited Partnership and KKR Europe Limited disclaim beneficial ownership of the ordinary shares indirectly owned by European Fund.

KKR European Fund II, Limited Partnership, or European Fund II, as a shareholder of Bali, may be deemed to indirectly own 15,910,699 ordinary shares of Avago. KKR Associates Europe II, Limited Partnership is the sole general partner of European Fund II. KKR Europe II Limited is the sole general partner of KKR

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Associates Europe II, Limited Partnership. KKR Associates Europe II, Limited Partnership and KKR Europe II Limited disclaim beneficial ownership of the ordinary shares indirectly owned by European Fund II.

AIP, as a shareholder of Bali, may be deemed to indirectly own 8,122,413 ordinary shares of Avago. Avago Investment G.P., Limited is the sole general partner of AIP. KKR Millennium GP LLC is a member of Avago Investment G.P., Limited. Avago Investment G.P., Limited and KKR Millennium GP LLC disclaim beneficial ownership of the ordinary shares indirectly owned by AIP.

Each of KKR SP Limited, or KKR SP (as a voting partner to each of KKR Associates Millennium (Overseas), Limited Partnership, KKR Associates Europe, Limited Partnership and KKR Associates Europe II, Limited Partnership); KKR Fund Holdings L.P., or KKR Fund Holdings (as the sole shareholder of KKR Millennium Limited, KKR Europe Limited and KKR Europe II Limited and the designated member of KKR Millennium GP LLC); KKR Fund Holdings GP Limited, or KKR Fund Holdings GP (as a general partner of KKR Fund Holdings); KKR Group Holdings L.P., or KKR Group Holdings (as the sole shareholder of KKR Fund Holdings GP and a general partner of KKR Fund Holdings); KKR Group Limited, or KKR Group (as the general partner of KKR Group Holdings); KKR & Co. L.P., or KKR & Co. (as the sole shareholder of KKR Group); and KKR Management LLC (as the general partner of KKR & Co.) may also be deemed to be the beneficial owner of the securities held by Millennium Fund, European Fund and European Fund II.

KKR Partners (International), Limited Partnership, or KKR Partners, as a shareholder of Bali, may be deemed to indirectly own 2,106,403 ordinary shares of Avago. KKR 1996 Overseas, Limited is the sole general partner of KKR Partners, but disclaims beneficial ownership of the ordinary shares indirectly owned by KKR Partners.

As the designated members of KKR Management LLC, Messrs. Henry R. Kravis and George R. Roberts may be deemed to be the beneficial owner of the securities held by Millennium Fund, European Fund and European Fund II but disclaim beneficial ownership of such securities. As directors of KKR 1996 Overseas, Limited, Messrs. Henry R. Kravis, George R. Roberts, James H. Greene, Jr., Paul E. Raether, Michael W. Michelson, Johannes P. Huth, Todd A. Fisher, Alexander Navab, Marc S. Lipschultz, Reinhard Gorenflos, Joseph Y. Bae, Brian F. Carroll, Scott C. Nuttal and William J. Janetschek may be deemed to be the beneficial owner of the securities held by KKR Partners but disclaim beneficial ownership of such securities. The entities named in this note (3) excluding AIP are sometimes referred to as the KKR Entities. Adam H. Clammer and David Kerko are members of our board of directors and are executives of Kohlberg Kravis Roberts & Co. L.P. and/or one or more of its affiliates. The address of the KKR Entities (other than Millennium Fund, European Fund, European Fund II and KKR Partners) and the individuals named in this footnote 3 is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, NY 10019. The address of AIP is P.O. Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands.

The above referenced shares are indirectly owned through the KKR Entities and AIP's investments in Bali, which directly holds shares in Avago.

- (4) The 115,687,178 shares shown in the table above are directly held and beneficially owned by Bali. Silver Lake Partners II Cayman, L.P., or SLP II Cayman, and Silver Lake Technology Investors II Cayman, L.P., or SLTI II Cayman, together own approximately 45.6% of Bali's outstanding shares and AIP (as defined in Footnote (3) above) owns approximately 7.0% of Bali's outstanding shares. For ease of reference, SLP II Cayman and SLTI II Cayman are collectively referred to as the Silver Lake Funds in this footnote.

By virtue of their 52.6% stake in Bali, the Silver Lake Funds and AIP may be deemed to have shared voting or dispositive power over the 115,687,178 shares held by Bali. The Silver Lake Funds, however, disclaim this beneficial ownership, except for the 52,748,597 ordinary shares (or 45.6% of the 115,687,178 shares) that are

deemed to be held indirectly by them and in which they have a pecuniary interest. Of these 52,748,597 shares, 52,599,062 shares are attributable to SLP II Cayman, and the other 149,535 shares are attributable to SLTI II Cayman.

Silver Lake Technology Associates II Cayman, L.P., or SLTA II Cayman, is the general partner of SLP II Cayman. Silver Lake (Offshore) AIV GP II, Ltd. is (a) the general partner of each of SLTA II Cayman and SLTI II Cayman and (b) a member of Avago Investment G.P., Limited. Silver Lake (Offshore) AIV GP II, Ltd. disclaims beneficial ownership of the ordinary shares indirectly owned by the Silver Lake Funds and AIP, except to the extent of its pecuniary interest therein. The shares in the column entitled After the Offering do not include an in-kind distribution of 115,000 ordinary shares to be made to certain limited partners of SLTA II Cayman in connection with this offering.

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Messrs. James A. Davidson, Glenn H. Hutchins, David J. Roux, Alan K. Austin, Michael J. Bingle, Egon Durban, Karen M. King, Greg Mondre and Kenneth Y. Hao serve as directors of Silver Lake (Offshore) AIV GP II, Ltd. They disclaim beneficial ownership of the ordinary shares indirectly owned by the Silver Lake Funds and AIP, except to the extent of their pecuniary interests therein.

- (5) Seletar Investments Pte Ltd, or Seletar, is directly wholly-owned by Temasek Capital (Private) Limited, or Temasek Capital, which is wholly-owned by Temasek Holdings (Private) Limited, or Temasek. Seletar, Temasek Capital and Temasek are Singapore companies. No individual has beneficial ownership over the 15,128,102 ordinary shares. Voting and investment decisions relating to these securities are made by the board of directors of Seletar, which is currently comprised of Mr. Syn Yi Ming and Ms. Michelle Git. The Seletar board of directors acts by majority vote and no board member may act individually to vote or sell these ordinary shares.
- (6) As disclosed in Footnote (4) above, Mr. Davidson is a director of Silver Lake (Offshore) AIV GP II, Ltd. Amounts disclosed for Mr. Davidson include shares beneficially owned by Bali Investments S.à.r.l., over which the Silver Lake Funds and AIP may be deemed, as a result of their ownership of 52.6% of Bali's outstanding shares, to have shared voting or dispositive power. Mr. Davidson disclaims beneficial ownership of any shares owned directly or indirectly by the Silver Lake Funds and AIP. See Footnotes (2) and (4) above. Mr. Davidson also serves as a member of our board of directors. In April 2006, we granted Mr. Davidson an option to purchase up to 50,000 shares of our ordinary shares. The shares listed next to his name in the table above include the vested and exercisable portion of such option within 60 days of December 1, 2010. Pursuant to Mr. Davidson's arrangement with Silver Lake with respect to director compensation, upon the exercise of such option and the sale of the shares received from the exercise, the proceeds from such sale are expected to be remitted to Silver Lake. Accordingly, Mr. Davidson disclaims beneficial ownership of such shares.
- (7) As disclosed in Footnote (4) above, Mr. Hao is a director of Silver Lake (Offshore) AIV GP II, Ltd. Amounts disclosed for Mr. Hao include shares beneficially owned by Bali Investments S.à.r.l., over which the Silver Lake Funds and AIP may be deemed, as a result of their ownership of 52.6% of Bali's outstanding shares, to have shared voting or dispositive power. Mr. Hao disclaims beneficial ownership of any shares owned directly or indirectly by the Silver Lake Funds and AIP. See Footnotes (2) and (4) above. Mr. Hao also serves as a member of our board of directors. In April 2006, we granted Mr. Hao an option to purchase up to 50,000 shares of our ordinary shares. The shares listed next to his name in the table above include the vested and exercisable portion of such option within 60 days of December 1, 2010. Pursuant to Mr. Hao's arrangement with Silver Lake with respect to director compensation, upon the exercise of such option and the sale of the shares received from the exercise, the proceeds from such sale are expected to be remitted to Silver Lake. Accordingly, Mr. Hao disclaims beneficial ownership of such shares.
- (8) Geysler Investment Pte. Ltd. shares the power to vote and power to dispose of these securities with each of GIC Special Investments Pte. Ltd. and the Government of Singapore Investment Corporation Pte. Ltd., each of which is a Singapore private limited company. No individual has beneficial ownership over these securities. Voting and investment decisions relating to these securities are made by the GIC Special Investments Pte. Ltd. investment committee, which is currently comprised of eight members: Teh Kok Peng, Ng Kin Sze, Ang Eng Seng, Kunna Chinniah, Tay Lim Hock, Eugene Wong, John Tang and Mayukh Mitter. The investment committee acts by majority vote and no member may act individually to vote or sell these securities. Beneficial ownership is disclaimed by the investment committee and its members.
- (9) Mr. Dean Nelson, as the managing member of Capstone Equity Investors LLC, has sole voting and dispositive power over the ordinary shares and may be deemed to share beneficial ownership of any shares beneficially owned by Capstone Equity Investors LLC, but disclaims such beneficial ownership except to the extent of his

pecuniary interest. The shares being offered are shares that Capstone Equity Investors LLC has a right to acquire upon the exercise of a share option acquired by Capstone on February 3, 2006, with an exercise price of \$5.00 per share, in consideration for services provided to us by Capstone. The shares subject to underwriters over-allotment option are shares that Capstone has a right to acquire upon the partial exercise of the same share option.

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TAX CONSIDERATIONS

The following discussion of the material U.S. federal income tax and Singapore tax consequences of an investment in our ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus supplement, all of which are subject to change. This discussion does not address all possible tax consequences relating to an investment in the ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Singapore tax law, it represents the opinion of WongPartnership LLP, our Singapore counsel. Based on the facts and subject to the limitations set forth herein, the statements of law or legal conclusions under the caption U.S. Federal Income Taxation constitute the opinion of Latham & Watkins LLP, our special U.S. counsel, as to the material U.S. federal income tax consequences to U.S. Holders (as defined below) under current law of an investment in the ordinary shares.

U.S. Federal Income Taxation

The following discussion describes certain material U.S. federal income tax consequences to U.S. Holders (as defined below) under current law of an investment in our ordinary shares. This discussion applies only to U.S. Holders that hold our ordinary shares as capital assets (generally, property held for investment) and that have the U.S. dollar as their functional currency. This discussion is based on the tax laws of the United States in effect as of the date of this prospectus supplement and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this prospectus supplement, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which could apply retroactively and could affect the tax consequences described below.

The following discussion does not address the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- U.S. expatriates;
- tax-exempt entities;
- persons liable for alternative minimum tax;

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persons holding our ordinary shares as part of a straddle, hedging, constructive sale, conversion or integrated transaction;

persons that actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock;

persons who acquired our ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation; or

partnerships or other pass-through entities, or persons holding our ordinary shares through such entities.

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PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES.

The discussion below of the U.S. federal income tax consequences to U.S. Holders will apply to you if you are a beneficial owner of our ordinary shares and you are for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;

a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entity taxable as a partnership for U.S. federal income tax purposes) holds our ordinary shares, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership holding our ordinary shares, or a partner in such partnership, you should consult your tax advisors.

Taxation of Dividends and Other Distributions on the Ordinary Shares

Subject to the passive foreign investment company rules discussed below, the U.S. dollar amount of the gross amount of any distribution we make to you with respect to our ordinary shares (including the amount of any taxes withheld therefrom) will generally be includible in your gross income, in the year actually or constructively received, as dividend income, but only to the extent that such distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), such excess will be treated first as a tax-free return of your tax basis in the ordinary shares you hold, and then, to the extent such excess amount exceeds your tax basis in the ordinary shares, as capital gain. If we do not calculate our earnings and profits under U.S. federal income tax principles, you should expect that any distribution we make to you will be reported as a dividend even if such distribution would otherwise be treated as a tax-free return of capital or as capital gain under the rules described above. Any dividends we pay will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to certain non-corporate U.S. Holders, including individual U.S. Holders, for taxable years beginning before January 1, 2011, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) our ordinary shares are readily tradable on an established securities market in the United States, (2) we are neither a passive foreign investment company nor treated as such with respect to you (as discussed below) for our taxable year in which the dividend is paid and the preceding taxable year, and (3) certain holding period requirements are met. Under U.S. Internal Revenue Service authority, common or ordinary shares are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the Nasdaq Global Select Market, as are our ordinary shares. For taxable years beginning on or after

January 1, 2011, dividends received by such non-corporate U.S. Holders will no longer be eligible to be taxed at such reduced rate, and instead will be taxed at the rate then applicable to ordinary income, unless the U.S. Congress enacts legislation providing otherwise. You should consult your tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for any dividends we pay with respect to the ordinary