

Avago Technologies LTD
Form S-1/A
July 21, 2009
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As filed with the Securities and Exchange Commission on July 21, 2009.

Registration No. 333-153127

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 4

TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

AVAGO TECHNOLOGIES LIMITED

(Exact name of registrant as specified in its charter)

Singapore
(State or other jurisdiction of)

3674
(Primary Standard Industrial

Not Applicable
(I.R.S. Employer Identification No.)

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incorporation or organization)

Classification Code Number)

1 Yishun Avenue 7

Singapore 768923

(65) 6755-7888

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Corporation Service Company

1090 Vermont Avenue NW

Washington, D.C. 20005

Tel: (800) 222-2122

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Christopher L. Kaufman

Anthony J. Richmond

Latham & Watkins LLP

140 Scott Drive

Menlo Park, California 94025

Telephone: (650) 328-4600

Facsimile: (650) 463-2600

William H. Hinman, Jr.

Simpson Thacher & Bartlett LLP

2550 Hanover Street

Palo Alto, California 94304

Telephone: (650) 251-5000

Facsimile: (650) 251-5002

Approximate date of commencement of proposed sale to the public: **As soon as practicable after this registration statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act :

Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company
 (Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

	Proposed Maximum	
	Aggregate	Amount of
Title of Each Class of Securities to Be Registered	Offering Price(1)	Registration Fee
Ordinary Shares, no par value	\$400,000,000	\$15,720.00(2)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended (Securities Act).

(2) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information contained in this prospectus is not complete and may be changed. We and the selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we and the selling shareholders are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated July 21, 2009.

PROSPECTUS

Shares

Ordinary Shares

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

We have applied for listing of our ordinary shares on the Nasdaq Global Select Market under the symbol AVGO.

We anticipate that the initial public offering price will be between \$ _____ and \$ _____ per share.

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

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

	Per Share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discounts and commissions	\$ _____	\$ _____
Proceeds, before expenses, to Avago Technologies Limited	\$ _____	\$ _____
Proceeds, before expenses, to the selling shareholders	\$ _____	\$ _____

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

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

Deutsche Bank Securities

Barclays Capital

Morgan Stanley

Citi

Credit Suisse

Goldman, Sachs & Co.
ABN AMRO Incorporated

J.P. Morgan

UBS Investment Bank
FTN Equity Capital Markets

KKR

The date of this prospectus is _____, 2009.

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

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

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

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PROSPECTUS SUMMARY

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

Our Business

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

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

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

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

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

Our Competitive Strengths

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

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

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

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

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

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

Strategy

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

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

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

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

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

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

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Risks Associated with Our Company

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

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

adaptation to technological changes in the semiconductor industry;

dependence on contract manufacturing and outsourced supply chain;

prolonged disruptions of our manufacturing facilities;

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

competition in the markets in which we serve;

quarterly and annual fluctuations;

investments in research and development;

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

changes in tax laws;

protection and enforcement of our intellectual property rights;

loss of one or more of our significant customers;

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

risks relating to the transaction of business internationally;

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

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

our substantial indebtedness;

currency fluctuations;

certain covenants in our debt documents; and

the other factors set forth under Risk Factors.

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Corporate Information

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

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

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

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

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The Offering

Ordinary shares offered by us	shares.
Ordinary shares offered by the selling shareholders	shares (or shares if the underwriters exercise their option to purchase additional shares in full).
Ordinary shares to be outstanding immediately after this offering	shares.
Use of proceeds	We estimate that we will receive net proceeds of approximately \$ million from the sale of the ordinary shares offered in this offering, based on an assumed initial public offering price of \$ per share (the mid-point of the price range set forth on the cover page of this prospectus) and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds received by us in connection with this offering for the following purposes and in the following amounts:

approximately \$57 million will be paid to our equity sponsors in connection with the termination of our advisory agreement pursuant to its terms (with one half payable to each equity sponsor); and

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

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

Kohlberg Kravis Roberts & Co., L.P., one of our equity sponsors, which will receive approximately \$28.5 million of the proceeds from this offering in connection with the termination of our advisory agreement pursuant to its terms (see Certain Relationships and Related Party Transactions Advisory Agreement), and

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

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

Proposed Nasdaq Global Select Market symbol AVGO.

The number of ordinary shares to be outstanding after this offering is based on 213,935,874 shares outstanding as of May 3, 2009, and excludes:

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

ordinary shares reserved for future issuance under our 2009 Equity Incentive Award Plan, of which options to purchase approximately 2,600,000 ordinary shares at an exercise price equal to the initial public offering price set forth on the cover of this prospectus will be granted immediately prior to this offering; and

800,000 ordinary shares issuable upon the exercise of an option granted to Capstone Equity Investors LLC at an exercise price of \$5.00 per share.

Except as otherwise indicated, all information in this prospectus assumes:

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

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

no exercise of options that may be exercised in connection with the sale of the underlying shares by selling shareholders in this offering.

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

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