Conexant, Inc.
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March 20, 2007

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PROSPECTUS

CONEXANT SYSTEMS, INC.

OFFER TO EXCHANGE

$275,000,000

**FLOATING RATE SENIOR SECURED NOTES DUE 2010
WHICH HAVE BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933**

FOR

**ALL OUTSTANDING UNREGISTERED
FLOATING RATE SENIOR SECURED NOTES DUE 2010**

We are offering to exchange $275,000,000 aggregate principal amount of the outstanding, unregistered Conexant Systems, Inc. Floating Rate Senior Secured Notes due 2010 that you now hold for new, substantially identical Floating Rate Senior Secured Notes due 2010 that will be free of the transfer restrictions of the old notes. **This offer will expire at 5:00 p.m., New York City time, on April 17, 2007, unless we extend the exchange offer in our sole discretion.** You must tender your old, unregistered notes by the deadline to obtain new, registered notes and the liquidity benefits the new notes offer.

We agreed with the initial purchasers of the old notes to make this exchange offer and to register the issuance of the new notes after the initial sale of the old notes. This exchange offer applies to any and all old notes tendered by the deadline.

We will not list the new notes on any established exchange. The new notes will have the same financial terms and covenants as the old notes, and are subject to the same business and financial risks.

See Risk Factors , beginning on page 8 for a discussion of the factors that you should consider in connection with the exchange offer and an exchange of old notes for new notes.

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

The date of this prospectus is March 20, 2007

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This prospectus incorporates important business and financial information about Conexant Systems, Inc. from documents that are not included in or delivered with this prospectus. You should rely only on the information contained in and incorporated by reference in this prospectus. We have not authorized anyone to provide you with information different from that included or incorporated by reference in this prospectus. The information contained in this prospectus is accurate only as of the date on the cover page of this prospectus, or, in the case of an incorporated document, the date of its filing, regardless of the time of delivery of this prospectus or of any exchange of Conexant Systems, Inc. s outstanding Floating Rate Senior Secured Notes due 2010 for substantially similar Floating Rate Senior Secured Notes due 2010 registered under the Securities Act of 1933, as amended. You can obtain documents incorporated by reference in this prospectus, other than some exhibits to those documents, unless the exhibits are specifically incorporated by reference into these documents, by requesting them in writing or by telephone from us at the following:

Conexant Systems, Inc.
4000 MacArthur Boulevard, West Tower
Newport Beach, California 92660-3095
(949) 483-4600

Unless otherwise specified or the context otherwise requires, references to Conexant , we , us , our , the Company other similar terms refer to the combined business of Conexant Systems, Inc. and its subsidiaries.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents that we incorporate by reference contain statements relating to our future results (including certain projections and business trends) that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and are subject to the safe harbor created by those sections. Forward-looking statements are typically identified by words or phrases such as believe , expect , anticipate , estimate should , are likely to be , will and similar expressions. Our actual results may differ materially from those projected as a result of certain risks and uncertainties. These risks and uncertainties include, but are not limited to:

- the cyclical nature of the semiconductor industry and the markets addressed by our products and our customers products;
- the risk that the value of our common stock may be adversely affected by market volatility;
- the substantial losses we have incurred recently;
- general economic and political conditions and conditions in the markets we address;
- continuing volatility in the technology sector and the semiconductor industry;
- demand for and market acceptance of new and existing products;
- successful development of new products;
- the timing of our new product introductions and product quality;
- our ability to anticipate trends and develop products for which there will be market demand;
- the availability of manufacturing capacity;
- pricing pressures and other competitive factors;
- changes in product mix;
- the risk that capital needed for our business and to repay our indebtedness will not be available when needed;
- product obsolescence;
- the ability of our customers to manage inventory;
- our ability to develop and implement new technologies and to obtain protection for the related intellectual property;
- the uncertainties of litigation, including claims of infringement of third-party intellectual property rights or demands that we license third-party technology, and the demands it may place on the time and attention of our management and the expense it may place on our company; and
- possible disruptions in commerce related to terrorist activity or armed conflict,

as well as other risks and uncertainties, including those set forth herein and those detailed from time to time in our other filings with the Securities and Exchange Commission, or SEC. These forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

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PROSPECTUS SUMMARY

This summary discusses selected information contained in this prospectus and documents we have incorporated in this prospectus by reference. It is not complete and does not contain all of the information that is important to you. We urge you to read carefully the entire prospectus, the documents incorporated in this prospectus by reference and the other documents to which this prospectus refers, including our consolidated financial statements and the notes to those financial statements, which are incorporated in this prospectus by reference.

Our Company

We design, develop and sell semiconductor system solutions, comprised of semiconductor devices, software and reference designs, for use in broadband communications applications that enable high-speed transmission, processing and distribution of audio, video, voice and data to and throughout homes and business enterprises worldwide. Our access solutions connect people through personal communications access products, such as personal computers (PCs) and television set-top boxes (STBs), to audio, video, voice and data services over wireless and wire line broadband connections as well as over dial-up Internet connections. Our central office solutions are used by service providers to deliver high-speed audio, video, voice and data services over copper telephone lines and optical fiber networks to homes and businesses around the globe. In addition, our media processing products enable the capture, display, storage, playback and transfer of audio and video content in applications throughout home and small office environments. These solutions enable broadband connections and network content to be shared throughout a home or small office-home office environment using a variety of communications devices, which we describe as the broadband digital home.

Our principal executive offices are located at 4000 MacArthur Boulevard, West Tower, Newport Beach, California 92660 and our telephone number is (949) 483-4600.

Recent Developments

On February 20, 2007, we announced that we had received $98.1 million as a result of the completion on February 16, 2007 of the merger between Acquicor Technology Inc., a special purpose acquisition company, and Jazz Semiconductor, Inc., a privately held specialty wafer manufacturing company in which we held an ownership position. The all-cash transaction was valued at $260.1 million. We plan to use the proceeds for general corporate purposes, including debt retirement.

Previously, on February 15, 2007, we announced that we had made an equity investment of $10 million in Acquicor Technology Inc., which has been renamed Jazz Technologies, Inc.

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The Exchange Offer

The Exchange Offer

We are offering to exchange our Floating Rate Senior Secured Notes due 2010 registered under the Securities Act, which we refer to as new notes , for all of our outstanding Floating Rate Senior Secured Notes due 2010 issued on November 13, 2006 in a private offering, which we refer to as old notes . In order to exchange an old note, you must follow the required procedures and we must accept the old note for exchange. We will exchange all old notes validly offered for exchange, or tendered , and not validly withdrawn. As of the date of this prospectus, there is $275,000,000 aggregate principal amount of old notes outstanding.

Expiration and Exchange Dates

Our offer expires at 5:00 p.m., New York City time, on April 17, 2007, unless we extend the exchange offer in our sole discretion. We will complete the exchange and issue the new notes as soon as possible after that date.

Accrued Interest on the New Notes and the Old Notes

The new notes will bear interest from February 15, 2007, the last maturity date of any interest installment on which interest was paid on the old notes. If you hold old notes and they are accepted for exchange:

you will waive your right to receive any interest on your old notes accrued from February 15, 2007 to the date the new notes are issued; and

you will receive the same interest payment on May 15, 2007, which is the next interest payment date with respect to the old notes and the first interest payment date with respect to the new notes, that you would have received had you not accepted the exchange offer.

Registration Rights

You have the right to exchange old notes that you now hold for new notes. We intend to satisfy this right by this exchange offer. The new notes will have substantially identical terms to the old notes, except the new notes will be registered under the Securities Act and will not have any registration rights. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to your old notes.

Conditions

The only condition to this exchange offer is that the exchange offer does not violate the securities laws. This exchange offer applies to any and all old notes validly tendered by the deadline.

Resale Without Further Registration

We believe that you may offer for resale, resell and otherwise transfer the new notes without complying with the registration and prospectus delivery provisions of the Securities Act if the following is true:

you acquire the new notes issued in the exchange offer in the ordinary course of your business;

you are not an affiliate , as defined under Rule 405 of the Securities Act, of ours; and

you are not participating, and do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the new notes issued to you in the exchange offer.

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By signing the letter of transmittal and exchanging your old notes as described below, you will be making representations to this effect.

If you are a broker-dealer that acquired old notes as a result of market-making or other trading activities, you must deliver a prospectus in connection with any resale of the new notes as described in this summary under Restrictions on Sales Made by Broker-Dealers below.

We base our belief on interpretations by the SEC staff in no-action letters issued to other issuers in exchange offers like ours. We cannot guarantee that the SEC would make a similar decision about our exchange offer. If our belief is wrong, you could incur liability under the Securities Act. We will not protect you against any loss incurred as a result of this liability under the Securities Act.

Liability Under the Securities Act

You also may incur liability under the Securities Act if:

(1) any of the representations listed above is not true; and

(2) you transfer any new notes issued to you in the exchange offer without:

- delivering a prospectus meeting the requirements of the Securities Act; or
- an exemption from the requirements of the Securities Act to register your new notes.

We will not protect you against any loss incurred as a result of this liability under the Securities Act.

Restrictions on Sales Made By Broker-Dealers

If you are a broker-dealer that receives new notes for your own account in exchange for old notes that were acquired as a result of market-making or other trading activities, you must acknowledge in a letter of transmittal that you will deliver a prospectus meeting the requirements of the Securities Act (which may be the Prospectus for the Exchange Offer) in connection with any resale of the new notes. A broker-dealer may use this prospectus for 180 days after the last exchange date for an offer to resell, a resale or other retransfer of the new notes issued to it in the exchange offer.

Procedures for Tendering Old Notes

If you hold old notes and want to accept the exchange offer, you must either:

- complete, sign and date the accompanying letter of transmittal, and deliver it, together with your old notes and any other required documents, to the exchange agent; or

if you hold old notes registered in the name of a broker-dealer, commercial bank, trust company or other nominee, you may arrange for the broker-dealer, commercial bank, trust company or other nominee to use The Depository Trust Company s electronic system to provide the exchange agent the required information for a book-entry transfer.

You must mail or otherwise deliver this documentation or information to The Bank of New York Trust Company, N.A., as exchange agent, or The Depository Trust Company at the address under How to Tender Your Old Notes Exchange Agent below.

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Special Procedures for Beneficial Owners

If you hold old notes registered in the name of a broker-dealer, commercial bank, trust company or other nominee and you wish to exchange your old notes in the exchange offer, you should promptly contact the registered holder of the old notes and instruct it to tender the old notes on your behalf.

If you wish to tender on your own behalf, you must, before completing and executing the letter of transmittal for the exchange offer and delivering your old notes, either arrange to have your old notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take a long time.

Failure to Exchange Could Affect You Adversely

If you are eligible to participate in the exchange offer and you do not tender your old notes, you will not have any further registration or exchange rights and your old notes will continue to be subject to transfer restrictions. These transfer restrictions and the availability of new notes could adversely affect the trading market for your old notes.

Guaranteed Delivery Procedures

If you wish to exchange your old notes and:

you cannot send the required documents to the exchange agent by the expiration date of the exchange offer;

you cannot complete the procedure for book-entry transfer on time; or

your old notes are not immediately available,

then you must follow the procedures described under How to Tender Your Old Notes Guaranteed Delivery Procedures below.

Withdrawal Rights

You may withdraw your tender of old notes at any time before 5:00 p.m., New York City time, on April 17, 2007.

Accounting Treatment

We will not recognize a gain or loss for accounting purposes as a result of the exchange.

Federal Income Tax Consequences

The exchange will not be a taxable event for U.S. federal income tax purposes. This means you will not recognize any taxable gain or loss or any interest income as a result of the exchange.

Exchange Agent

The Bank of New York Trust Company, N.A. is the exchange agent for the exchange offer. The Bank of New York Trust Company, N.A. is also the trustee under the indenture governing the old notes and the new notes and the collateral agent under the collateral documents securing our obligations under the old notes and the new notes.

Absence of Appraisal Rights

As a holder of old notes you are not entitled to appraisal or dissenters rights under Delaware law or the indenture governing the old notes and the new notes. See The Exchange Offer Terms of the Exchange Offer No Appraisal or Dissenters Rights for more information.

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The New Notes

Issuer	Conexant Systems, Inc.
Securities	$275.0 million aggregate principal amount of Floating Rate Senior Secured Notes due 2010 registered under the Securities Act.
Maturity	November 15, 2010.
Interest Payment Dates	Interest will be payable in cash in arrears on February 15, May 15, August 15 and November 15 of each year, commencing May 15, 2007. The notes will bear interest at a rate per annum equal to LIBOR (as defined) plus 3.75%. See Description of the New Notes Certain Definitions . The LIBOR component of the interest rate will be reset quarterly, commencing May 15, 2007.
Optional Redemption	The new notes will be redeemable at our option, in whole or in part, at any time on or after November 15, 2008, at the redemption prices set forth in this prospectus, together with accrued and unpaid interest, if any, to the date of redemption. At any time prior to November 15, 2008, we may redeem up to 35% of the original principal amount of the new notes with the proceeds of one or more equity offerings of our common shares at a redemption price of 100% of the principal amount of the new notes redeemed plus a premium equal to the interest rate per annum on the new notes applicable on the date on which notice of redemption was given, together with accrued and unpaid interest, if any, to the date of redemption.
Mandatory Offers to Purchase	The occurrence of a change of control will be a triggering event requiring us to offer to purchase from you all or a portion of your new notes at a price equal to 101% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase. Certain asset dispositions will be triggering events which may require us to use the proceeds from those asset dispositions to make an offer to purchase the new notes at 100% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase if such proceeds are not otherwise used within 365 days to invest in capital assets related to our business or to make capital expenditures or, at our option and in lieu thereof, to repurchase new notes at any time during the 365-day period at not less than 100% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase.
Guarantees	On the issue date, the new notes will be guaranteed by certain of our domestic subsidiaries (collectively, the subsidiary guarantors). The guarantees will rank equally with all of our subsidiary guarantors existing and future senior debt and senior to all of our subsidiary guarantors existing and future subordinated debt. Our non-guarantor subsidiaries

	represented approximately 16% of our revenues for the twelve months ended December 29, 2006, and approximately 13% of our total assets and approximately 7% of our total liabilities (including trade payables and our accounts receivable financing facility, but excluding intercompany liabilities) as of December 29, 2006.
Collateral	The new notes and guarantees, and any hedging obligations with respect thereto, will be secured by first-priority liens, subject to permitted liens, on substantially all of our and our subsidiary guarantors assets (other than accounts receivable and proceeds

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therefrom), including, but not limited to, the intellectual property, real property (other than leased real property), plant and equipment now owned or hereafter acquired by us and our subsidiary guarantors.

Ranking

The new notes will:

be our senior secured obligations;

rank equally in right of payment with all of our and our subsidiary guarantors existing and future senior indebtedness (including the old notes);

rank senior in right of payment to all of our and our subsidiary guarantors existing and future unsecured indebtedness and other liabilities (including trade payables) to the extent of the value of the collateral; and

be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of our subsidiaries that do not guarantee the notes and under our accounts receivable financing facility to the extent of the accounts receivable and proceeds therefrom that secure those obligations on a first-priority basis.

As of December 29, 2006, after giving effect to the offering of the old notes and the new notes:

we would have had approximately $275 million of outstanding senior indebtedness (excluding intercompany liabilities), consisting entirely of senior indebtedness represented by the old notes and the new notes;

our subsidiary guarantors would have had no senior indebtedness outstanding; and

our non-guarantor subsidiaries would have had approximately $94.0 million of total liabilities (including our accounts receivable financing facility, but excluding intercompany liabilities), all of which would have been structurally senior to the old notes and the new notes.

Covenants

We will issue the new notes under the same indenture with The Bank of New York Trust Company, N.A., as trustee, as that under which the old notes were issued. The indenture will, among other things, limit our ability and the ability of our restricted subsidiaries (as defined under Description of the New Notes) to:

incur, assume or guarantee additional indebtedness;

issue redeemable stock and preferred stock;

repurchase capital stock;

- make other restricted payments including, without limitation, paying dividends and making investments;
- create liens;
- redeem debt that is junior in right of payment to the notes;
- sell or otherwise dispose of assets, including capital stock of subsidiaries;
- enter into agreements that restrict dividends from subsidiaries;
- enter into mergers or consolidations;

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- enter into transactions with affiliates;
- guarantee indebtedness; and
- enter into sale-leaseback transactions.

These covenants will be subject to a number of important exceptions and qualifications. For more details, see Description of the New Notes .

Use of Proceeds

We will not receive any cash proceeds from the issuance of the new notes as described in this prospectus. We will receive in exchange old notes in like principal amount. The old notes surrendered in exchange for the new notes will be retired and canceled and cannot be reissued. Therefore, the issuance of the new notes in the exchange offer will not result in any change in our indebtedness.

We used the net proceeds from the issuance of the old notes, together with available cash, cash equivalents and marketable securities on hand, to repay at maturity our outstanding $456.5 million aggregate principal amount of 4% convertible subordinated notes due February 1, 2007.

Risk Factors

In analyzing an investment in the new notes we are offering in the exchange offer, you should carefully consider, along with other matters included or incorporated by reference in this prospectus, the information set forth under Risk Factors .

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RISK FACTORS

An investment in the notes involves a high degree of risk. In addition to the other information in this prospectus, prospective investors should carefully consider the following risk, as well as the risks described in our other filings with the SEC, before making an investment in the notes. Except as otherwise expressly provided, references to the notes in this section of the prospectus include both the old notes and the new notes. If any of the following risks actually occurs, our business, financial condition and operating results could be materially adversely affected, which, in turn, could adversely affect the price of the notes or our ability to pay interest and principal on the notes. This effect could be compounded if multiple risks were to occur. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition and results of operations.

Risks Related to the Notes and Our Other Indebtedness

If you do not properly tender your old notes, you will continue to hold unregistered old notes and your ability to transfer old notes will be adversely affected.

We will only issue new notes in exchange for old notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the old notes and you should carefully follow the instructions on how to tender your old notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of old notes.

If you do not exchange your old notes for new notes pursuant to the exchange offer, the old notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the old notes except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register old notes under the Securities Act, on a shelf registration statement or otherwise, unless our registration rights agreement with the initial purchasers of the old notes requires us to do so. Further, if you continue to hold any old notes after the exchange offer is consummated, you may have trouble selling them because there will be fewer old notes outstanding.

Our level of indebtedness could adversely affect 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 meeting our obligations under the notes.

We are significantly leveraged and our total indebtedness is approximately $605.0 million, after giving effect to the repayment at maturity of our 4% convertible subordinated notes due February 1, 2007.

Our substantial degree of leverage could have important consequences for you, including the following:

- it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes;

- a substantial portion of our cash flows from operations will be dedicated to the payment of principal and interest on our indebtedness and will not be available for other purposes, including our operations, capital expenditures and future business opportunities;

- the debt service requirements of our other indebtedness could make it more difficult for us to satisfy our financial obligations, including those related to the notes;
- certain of our borrowings, including the notes, are or will be at variable rates of interest, exposing us to the risk of increased interest rates;
- it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have less debt; and
- we may be vulnerable in a downturn in general economic conditions or in our business, or we may be unable to carry out capital spending that is important to our growth.

We may not be able to generate sufficient cash to service or repay all of our indebtedness, including the old notes and any new notes, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain

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financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness or that we will have sufficient working capital to operate our business or to service our remaining indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service or repayment obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness, including the notes. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service or repayment obligations or that these actions would be permitted under the terms of our existing or future debt agreements, including the indenture that governs our 4% convertible subordinated notes due March 2026 (the 2026 Notes), the credit agreement under our accounts receivable financing facility or the indenture that governs the notes. In the absence of such cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. The indenture that governs the notes restricts our ability to dispose of assets and use the proceeds from the disposition. See Description of Other Indebtedness and Description of the New Notes .

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable; and
- we could be forced into bankruptcy or liquidation, which could result in you losing your investment in the notes.

Despite current indebtedness levels, we and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indenture do not fully prohibit us or our subsidiaries from doing so. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify. See Description of Other Indebtedness and Description of the New Notes .

Restrictive covenants may adversely affect our operations.

The indenture governing the notes contains various covenants that limit our ability to, among other things:

- incur, assume or guarantee additional indebtedness;
- issue redeemable stock and preferred stock;
- repurchase capital stock;
- make other restricted payments including, without limitation, paying dividends and making investments;
- create liens;
- redeem debt that is junior in right of payment to the notes;
- sell or otherwise dispose of assets, including capital stock of subsidiaries;

enter into agreements that restrict dividends from subsidiaries;

enter into mergers or consolidations;

enter into transactions with affiliates;

guarantee indebtedness; and

enter into sale-leaseback transactions.

In addition, a breach of any of these covenants could result in a default under the indenture governing the notes, which in turn could result in a default under the indenture governing the 2026 Notes. Upon the occurrence of an event of default under the indenture governing the 2026 Notes, the holders of such notes could elect to declare all amounts outstanding under those notes to be immediately due and payable. If such holders accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay our indebtedness, including the notes, or borrow sufficient funds to refinance such indebtedness. Even if we are able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us. See Description of Other Indebtedness .

Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Certain of our borrowings, primarily borrowings under the notes, are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. A 0.25% change in interest rates would result in a $0.9 million change in annual interest expense on the notes and our accounts receivable financing facility.

There may not be sufficient collateral to pay all or any of the notes.

No appraisal of the value of the collateral has been made in connection with the issuance of the notes and the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. Consequently, liquidating the collateral securing the notes may not produce proceeds in an amount sufficient to pay any amounts due on the notes.

The fair market value of the collateral is subject to fluctuations based on factors that include, among others, the condition of the semiconductor industry, the ability to sell the collateral in an orderly sale, general economic conditions, the availability of buyers and similar factors. The amount to be received upon a sale of the collateral would be dependent on numerous factors, including but not limited to the actual fair market value of the collateral at such time and the timing and the manner of the sale. By its nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the collateral will be sufficient to pay our obligations under the notes.

Your rights in the collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future.

Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the trustee or the collateral agent will monitor, or that we will inform the trustee or the collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to perfect properly the security interest in such after-acquired collateral. The collateral agent for the notes has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest in favor of the notes against third parties.

In the event of our bankruptcy, the ability of the holders of the notes to realize upon the collateral will be subject to certain bankruptcy law limitations.

The ability of holders of the notes to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of our bankruptcy. Under applicable federal bankruptcy laws, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case, or from disposing of security repossessed from such a debtor, without bankruptcy court approval. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to retain collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection . The meaning of the term adequate protection may vary according to the circumstances, but is intended generally to protect the value of the secured creditor s interest in the collateral at the commencement of the bankruptcy case and may include cash payments or the granting of additional security, if and at such times as the court in its discretion determines, any diminution in the value of the collateral occurs as a result of

the stay of repossession or the disposition of the collateral during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term adequate protection and the broad discretionary powers of a U.S. bankruptcy court, we cannot predict whether payments under the notes would be made following commencement of and during a bankruptcy case, whether or when the trustee under the indenture for the notes could foreclose upon or sell the collateral or whether or to what extent holders of notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of adequate protection .

The notes will be structurally subordinated to all indebtedness of our existing or future subsidiaries that do not become guarantors of the notes.

You will not have any claim as a creditor against any of our existing subsidiaries that are not guarantors of the notes or against any of our future subsidiaries that do not become guarantors of the notes. Indebtedness

and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will be effectively senior to your claims against those subsidiaries.

For the twelve months ended December 29, 2006, our non-guarantor subsidiaries collectively represented approximately 16% of our revenue. At December 29, 2006, our non-guarantor subsidiaries collectively represented approximately 13% of our total assets and 7% of our total liabilities (including trade payables and our accounts receivable financing facility, but excluding intercompany liabilities), all of which would have been structurally senior to the notes.

In addition, the indenture governing the notes permits, subject to some limitations, these subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

If we default on our obligations to pay our indebtedness we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under the indenture governing the 2026 Notes that is not waived by the required holders, and the remedies sought by the holders of such indebtedness, could make us unable to pay principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium (if any) and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including covenants in our indentures), we could be in default under the terms of the agreements governing such indebtedness, including the indentures governing the 2026 Notes and the notes. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, and in the case of the indenture governing the notes, institute foreclosure proceedings against our assets and we could be forced into bankruptcy or liquidation. See Description of Other Indebtedness and Description of the New Notes .

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of their principal amount, plus accrued and unpaid interest. We may not be able to repurchase the notes upon a change of control because we may not have sufficient funds. Further, we may be contractually restricted under the terms of our future senior indebtedness from repurchasing all of the notes tendered by holders upon a change of control. Accordingly, we may not be able to satisfy our obligations to purchase your notes unless we are able to refinance or obtain consents from the holders of such indebtedness. Our failure to repurchase the notes upon a change of control would cause a default under the indenture and a cross-default under certain of our other indebtedness.

In addition, the change of control provisions in the indenture may not protect you from certain important corporate events, such as a leveraged recapitalization (which would increase the level of our indebtedness), reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a Change of Control under the indenture. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change that constitutes a Change of Control as defined in the indenture that would trigger our obligation to repurchase the notes. Therefore, if an event occurs that does not constitute a Change of Control as defined in the indenture, we will not be required to make an offer to repurchase the notes and you may be required to continue to hold your notes despite the event. See Description of the New Notes Change of Control .

Federal and state fraudulent transfer laws may permit a court to avoid the notes and the guarantees, and, if that occurs, you may not receive any payments on the notes.

The issuance of the notes and the guarantees may be subject to review under federal and state fraudulent transfer and conveyance statutes. While the relevant laws may vary from state to state, under such laws the payment of consideration will be a fraudulent conveyance if (1) we paid the consideration with the intent of hindering, delaying or defrauding creditors or (2) we or any of our guarantors, as applicable, received less than

reasonably equivalent value or fair consideration in return for issuing either the notes or a guarantee and, in the case of (2) only, one of the following is also true:

we or any of our guarantors were or was insolvent or rendered insolvent by reason of the incurrence of the indebtedness; or

payment of the consideration left us or any of our guarantors with an unreasonably small amount of capital to carry on our or its business; or

we or any of our guarantors intended to, or believed that we or it would, incur debts beyond our or its ability to pay as they mature.

If a court were to find that the issuance of the notes or a guarantee was a fraudulent conveyance, the court could avoid the payment obligations under the notes or such guarantee or subordinate the notes or such guarantee to presently existing and future indebtedness of ours or such guarantor, or require the holders of the notes to repay any amounts received with respect to the notes or such guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the notes. Further, the avoidance of the notes could result in an event of default with respect to our other debt and that of our guarantors that could result in acceleration of such debt.

Generally, an entity would be considered insolvent if at the time it incurred indebtedness;

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets; or

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time, or regardless of the standard that a court uses, that the issuance of the notes and the guarantees would not be subordinated to our or any guarantor s other debt.

If the guarantees were legally challenged, any guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration. A court could thus void the obligations under the guarantees, subordinate them to the applicable guarantor s other debt or take other action detrimental to the holders of the notes.

Your ability to transfer the notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the notes.

The new notes are a new issue of securities for which there is no established public market. We do not intend to have the new notes listed on a national securities exchange or to arrange for quotation on any automated dealer quotation systems. We cannot assure you as to the development or liquidity of any trading market for the new notes. The liquidity of any market for the new notes will depend on a number of factors, including:

the number of holders of new notes;

our operating performance and financial condition;

the market for similar securities;

the interest of securities dealers in making a market in the notes; and

prevailing interest rates.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. We cannot assure you that the market, if any, for the new notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your new notes. Therefore, we cannot assure you that you will be able to sell your new notes at a particular time or that the price you receive when you sell will be favorable.

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Risks Related to Our Business

We operate in the highly cyclical semiconductor industry, which is subject to significant downturns that may negatively impact our business, financial condition and results of operations.

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence 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, and in our business in particular. Periods of industry downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and accelerated erosion of average selling prices. These factors have caused substantial fluctuations in our revenues and results of operations. We have experienced these cyclical fluctuations in our business in the past and may experience them in the future.

Our operating results may be negatively affected by substantial quarterly and annual fluctuations and market downturns.

Our revenues, earnings and other operating results have fluctuated in the past and may fluctuate in the future. These fluctuations 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;
- seasonal customer demand;
- 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 and technology introductions by competitors;
- changes in the mix of products we develop and sell;
- fluctuations in manufacturing yields;
- availability and cost of products from our suppliers;
- intellectual property disputes; and
- the effects of competitive pricing pressures, including decreases in average selling prices of our products.

The foregoing factors are difficult to forecast, and these as well as other factors could materially adversely affect our quarterly or annual operating results.

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 ability to use, make, sell, export or import our products or one or more components comprising our products.

The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights. From time to time, third parties have asserted and may in the future assert patent, copyright, trademark and other intellectual property rights to technologies that are important to our business and have demanded and may in the future demand that we license their patents and technology. Any litigation to determine the validity of claims that our products infringe or may infringe these rights, including claims arising through our contractual indemnification of our customers, regardless of their merit or resolution, could be costly and divert the efforts and attention of our management and technical personnel. We cannot assure you that we would prevail in litigation given the complex technical issues and inherent uncertainties in intellectual property litigation. If litigation results in an adverse ruling we could be required to:

- pay substantial damages;

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

discontinue the use of infringing technology;

expend significant resources to develop non-infringing technology; or

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

We have recently incurred substantial losses and may incur additional future losses.

Our net loss for fiscal 2006 was $122.6 million, and in the first quarter of fiscal 2007, we generated net income of $1.0 million. However, we anticipate a sequential reduction in revenues in the second quarter of fiscal 2007 of between 8 and 10%. As a result, we have initiated new restructuring activities to bring operating expenses in-line with our revenue expectations. These restructuring activities include workforce reductions and the closure of a facility and will have the near term effect of increasing our operating expenses as a result of special charges we have recorded and will record to implement these actions. Additionally, as the result of previous business combinations, we have significant amount of intangible assets for which we record amortization expense each period. If any of these intangible assets or our goodwill were determined to be impaired, this could also materially affect our profitability. The value of our warrants to purchase Mindspeed common stock may fluctuate significantly from period to period which may unfavorably impact our results. Finally, any further decline in revenue would significantly affect our profitability. We cannot assure you that we will be able to improve or even sustain the profitability we achieved in the first quarter of fiscal 2007, and we may incur losses in the future.

We are subject to intense competition.

The communications semiconductor industry in general and the markets in which we compete in particular are intensely competitive. We compete worldwide with a number of United States and international semiconductor providers that are both larger and smaller than us in terms of resources and market share. We currently face significant competition in our markets and expect that intense price and product competition will continue. This competition has resulted in and is expected to continue to result in declining average selling prices for our products. We also anticipate that additional competitors will enter our markets as a result of expected growth opportunities in communications electronics, the trend toward global expansion by foreign and domestic competitors, technological and public policy changes and relatively low barriers to entry in certain markets of the industry. Moreover, as with many companies in the semiconductor industry, customers for certain of our products offer other products that compete with similar products offered by us. Many of our competitors have certain advantages over us, such as significantly greater sales and marketing, manufacturing, distribution, technical, financial and other resources.

We believe that the principal competitive factors for semiconductor suppliers in our addressed markets are:

time-to-market;

product quality, reliability and performance;

level of integration;

price and total system cost;

compliance with industry standards;

design and engineering capabilities;

strategic relationships with customers;

customer support;

new product innovation; and

access to manufacturing capacity.

Current and potential competitors also have established or may establish financial or strategic relationships among themselves or with our existing or potential customers, resellers or other third parties. These relationships may affect customers purchasing decisions. Accordingly, it is possible that new

competitors or alliances could emerge and rapidly acquire significant market share. We cannot assure you that we will be able to compete successfully against current and potential competitors.

The loss of a key customer could seriously impact our revenue levels and harm our business. In addition, if we are unable to continue to sell existing and new products to our key customers in significant quantities or to attract new significant customers, our future operating results could be adversely affected.

We have derived a substantial portion of our past revenue from sales to a relatively small number of customers. As a result, the loss of any significant customer could materially and adversely affect our financial condition and results of operations.

Sales to our twenty largest customers, including distributors, represented approximately 75% and 67% of our net revenues in the first three months of fiscal 2007 and for fiscal 2006, respectively. We expect that our largest customers will continue to account for a substantial portion of our net revenue in future periods. The identities of our largest customers and their respective contributions to our net revenue have varied and will likely continue to vary from period to period. We may not be able to maintain or increase sales to certain of our key customers for a variety of reasons, including the following:

- most of our customers can stop incorporating our products into their own products with limited notice to us and suffer little or no penalty;
- our agreements with our customers typically do not require them to purchase a minimum quantity of our products;
- many of our customers have pre-existing or concurrent relationships with our current or potential competitors that may affect the customers decisions to purchase our products;
- our customers face intense competition from other manufacturers that do not use our products; and
- some of our customers offer or may offer products that compete with our products.

In addition, our longstanding relationships with some larger customers may also deter other potential customers who compete with these customers from buying our products. To attract new customers or retain existing customers, we may offer certain customers favorable prices on our products. The loss of a key customer, a reduction in sales to any key customer or our inability to attract new significant customers could seriously impact our revenue and materially and adversely affect our results of operations.

Our success depends on our ability to timely develop competitive new products and reduce costs.

Our operating results will depend largely on our ability to continue to introduce new and enhanced semiconductor products on a timely basis. Successful product development and introduction depends on numerous factors, including, among others:

- our ability to anticipate customer and market requirements and changes in technology and industry standards;
- our ability to accurately define new products;
- our ability to timely complete development of new products and bring our products to market on a timely basis;

our ability to differentiate our products from offerings of our competitors;

overall market acceptance of our products;

our ability to invest in significant amounts of research and development; and

our ability to transition product development efforts between and among our sites, particularly in India and China.

We have increased our headcount in India from approximately 180 employees at the end of fiscal 2004 to approximately 1,300 employees as of December 29, 2006. We plan to continue this growth trend in India and other international locations in the Asia-Pacific region. Expansion and transition of product development efforts to other locations entails risks associated with our ability to manage the development of products at remote geographic locations, to achieve key program milestones, and to attract and retain qualified management, technical and other personnel necessary for the design and development of our products. If we

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experience product design or development delays as a result of the transition, or an inability to adequately staff the programs, there could be a material adverse effect on our results of operations.

We may not have sufficient resources to make the substantial investment in research and development in order to develop and bring to market new and enhanced products. Furthermore, we are required to continually evaluate expenditures for planned product development and to choose among alternative technologies based on our expectations of future market growth. We cannot assure you that we will be able to develop and introduce new or enhanced products in a timely and cost-effective manner, that our products will satisfy customer requirements or achieve market acceptance, or that we will be able to anticipate new industry standards and technological changes. We also cannot assure you that we will be able to respond successfully to new product announcements and introductions by competitors.

In addition, prices of established products may decline, sometimes significantly and rapidly, over time. We believe that in order to remain competitive we must continue to reduce the cost of producing and delivering existing products at the same time that we develop and introduce new or enhanced products. We cannot assure you that we will be successful and as a result gross margins may decline in future periods.

We are subject to the risks of doing business internationally.

For the first three months of fiscal 2007 and for fiscal 2006, approximately 89% and 92%, respectively, of our net revenues were from customers located outside of the United States, primarily in the Asia-Pacific region. In addition, a significant portion of our workforce and many of our key suppliers are located outside of the United States. Our international operations consist of research and development, sales offices, and other general and administrative functions. We plan to continue our international expansion, particularly in the Asia-Pacific region. Our international operations are subject to a number of risks inherent in operating abroad. These include, but are not limited to, risks regarding:

- currency exchange rate fluctuations;
- local economic and political conditions;
- disruptions of commerce and capital or trading markets due to or related to terrorist activity or armed conflict;
- restrictive governmental actions, such as restrictions on the transfer or repatriation of funds and trade protection measures, including export duties and quotas and customs duties and tariffs;
- changes in legal or regulatory requirements;
- difficulty in obtaining distribution and support;
- the laws and policies of the United States and other countries affecting trade, foreign investment and loans, and import or export licensing requirements;
- tax laws, including the cost of services provided and products sold between us and our subsidiaries which are subject to review by taxing authorities; and
- limitations on our ability under local laws to protect our intellectual property.

Because most of our international sales are currently denominated in U.S. dollars, our products could become less competitive in international markets if the value of the U.S. dollar increases relative to foreign currencies.

From time to time, we may enter into foreign currency forward exchange contracts to minimize risk of loss from currency exchange rate fluctuations for foreign currency commitments entered into in the ordinary course of business. We have not entered into foreign currency forward exchange contracts for other purposes. Our financial condition and results of operations could be affected (adversely or favorably) by currency fluctuations.

We also conduct a significant portion of our international sales through distributors. Sales to distributors and other resellers accounted for approximately 34% and 35% of our net revenues for the first three months of fiscal 2007 and for fiscal 2006, respectively. Our arrangements with these distributors are terminable at any time, and the loss of these arrangements could have an adverse effect on our operating results. For those international distributors that we account for under a deferred revenue recognition model, we rely on the distributor to provide us timely and accurate product sell through information. No assurances can be given that these international distributors will continue to provide us this information. If we are unable to obtain this

information on a timely basis, or if we determine that the information we do receive is unreliable, it may affect the accuracy of amounts recorded in our consolidated financial statements, and therefore have an adverse effect on our operating results.

We may not be able to keep abreast of the rapid technological changes in our markets.

The demand for our products can change quickly and in ways we may not anticipate because our markets generally exhibit the following characteristics:

- rapid technological developments;
- rapid changes in customer requirements;
- frequent new product introductions and enhancements;
- short product life cycles with declining prices over the life cycle of the products; and
- evolving industry standards.

Our products could become obsolete sooner than anticipated because of a faster than anticipated change in one or more of the technologies related to our products or in market demand for products based on a particular technology, particularly due to the introduction of new technology that represents a substantial advance over current technology. Currently accepted industry standards are also subject to change, which may contribute to the obsolescence of our products.

We face a risk that capital needed for our business and to repay our debt obligations will not be available when we need it.

At December 29, 2006, we had a total of $706.5 million aggregate principal amount of convertible subordinated notes outstanding, of which $456.5 million was due in February 2007 and $250.0 million is due in March 2026. At December 29, 2006, we also had $275.0 million aggregate principal amount of old notes outstanding. Additionally, we have an $80.0 million credit facility with a bank under our accounts receivable financing facility, under which we had borrowed $80.0 million as of December 29, 2006. This credit facility is due to expire on November 28, 2007, but is subject to 364-day renewal periods at the discretion of the bank.

At December 29, 2006, we had $617.8 million of cash, cash equivalents and marketable securities, a significant portion of which has been used to repay at maturity the $456.5 million of convertible subordinated notes due February 1, 2007. We may not have access to sufficient capital to repay amounts due, whether at maturity or upon the occurrence of certain redemption events, under (i) our credit facility expiring November 2007 (if it is not renewed), (ii) the notes, and (iii) the 2026 Notes (see Description of Other Indebtedness Convertible Subordinated Notes Due 2026), and we may not be able to refinance any portion of this debt on favorable terms or at all.

In the future, we may need to make strategic investments and acquisitions to help us grow our business, which may require additional capital resources. We cannot assure you that the capital required to fund these investments and acquisitions will be available in the future.

We may not be able to attract and retain qualified management, technical and other personnel necessary for the design, development and sale of our products. Our success could be negatively affected if key personnel leave.

Our future success depends on our ability to attract and to retain the continued service and availability of skilled personnel, including our Chairman of the Board and Chief Executive Officer, members of our executive team, and those in design, technical, marketing and staff positions. As the source of our technological and product innovations, our key technical personnel represent a significant asset. The competition for such personnel can be intense in the semiconductor industry. While we have entered into employment agreements with some of our key personnel, we cannot assure you that we will be able to attract and retain qualified management and other personnel necessary for the design, development and sale of our products. In addition, we have relied on our ability to grant stock options as one mechanism for recruiting and retaining highly skilled talent. Recent accounting regulations requiring the expensing of stock options may impair our future ability to provide these incentives without incurring significant compensation costs. There can be no assurance that we will continue to successfully attract, motivate, and retain key personnel.

If OEMs of communications electronics products do not design our products into their equipment, we will be unable to sell those products. Moreover, a design win from a customer does not guarantee future sales to that customer.

Our products are not sold directly to the end-user but are components of other products. As a result, we rely on OEMs of communications electronics products to select our products from among alternative offerings to be designed into their equipment. We may be unable to achieve these design wins . Without design wins from OEMs, we would be unable to sell our products. Once an OEM designs another supplier s semiconductors into one of its product platforms, it will be more difficult for us to achieve future design wins with that OEM s product platform because changing suppliers involves significant cost, time, effort and risk. Achieving a design win with a customer does not ensure that we will receive significant revenues from that customer and we may be unable to convert design wins into actual sales. Even after a design win, the customer is not obligated to purchase our products and can choose at any time to stop using our products if, for example, it or its own products are not commercially successful.

Because of the lengthy sales cycles of many of our products, we may incur significant expenses before we generate any revenues related to those products.

Our customers may need six months or longer to test and evaluate our products and an additional six months or more to begin volume production of equipment that incorporates our products. The lengthy period of time required also increases the possibility that a customer may decide to cancel or change product plans, which could reduce or eliminate sales to that customer. As a result of this lengthy sales cycle, we may incur significant research and development, and selling, general and administrative expenses before we generate the related revenues for these products, and we may never generate the anticipated revenues if our customer cancels or changes its product plans.

Uncertainties involving the ordering and shipment of our products could adversely affect our business.

Our sales are typically made pursuant to individual purchase orders and we generally do not have long-term supply arrangements with our customers. Generally, our customers may cancel orders until 30 days prior to shipment. In addition, we sell a portion of our products through distributors and other resellers, some of whom have a right to return unsold products to us. Sales to distributors and other resellers accounted for approximately 34% and 35% of our net revenues for the first three months of fiscal 2007 and for fiscal 2006, respectively. Our distributors may offer products of several different suppliers, including products that may be competitive with ours. Accordingly, there is a risk that the distributors may give priority to other supplier products and may not sell our products as quickly as forecasted, which may impact their future order levels. We routinely purchase inventory based on estimates of end-market demand for our customers products, which is difficult to predict. This difficulty may be compounded when we sell to OEMs indirectly through distributors and other resellers or contract manufacturers, or both, as our forecasts of demand are then based on estimates provided by multiple parties. In addition, our customers may change their inventory practices on short notice for any reason. The cancellation or deferral of product orders, the return of previously sold products or overproduction due to the failure of anticipated orders to materialize could result in our holding excess or obsolete inventory, which could result in write-downs of inventory. For example, the reduced demand outlook for fiscal year 2005 and decline of average selling prices for certain of our products resulted in net inventory charges of approximately $45.0 million in the first quarter of fiscal 2005.

We are dependent upon third parties for the manufacture, assembly and test of our products.

We are entirely dependent upon outside wafer fabrication facilities (known as foundries or fabs). Under our fabless business model, our revenue growth is dependent on our ability to obtain sufficient external manufacturing capacity, including wafer production capacity. If the semiconductor industry experiences a shortage of wafer fabrication

capacity in the future, we may experience delays in shipments or increased manufacturing costs. We do not have any long-term supply arrangements.

There are significant risks associated with our reliance on third-party foundries, including:

- the lack of assured wafer supply, potential wafer shortages and higher wafer prices;
- limited control over delivery schedules, manufacturing yields, production costs and product quality; and
- the unavailability of, or delays in obtaining, access to key process technologies.

The foundries we use may allocate their limited capacity to fulfill the production requirements of other customers that are larger and better financed than us. If we choose to use a new foundry, it typically takes several months to redesign our products for the process technology and intellectual property cores of the new foundry and to complete the qualification process before we can begin shipping products from the new foundry.

We are also dependent upon third parties for the assembly and test of our products. Our reliance on others to assemble and test our products subjects us to many of the same risks as are described herein with respect to our reliance on outside wafer fabrication facilities.

Wafer fabrication processes are subject to obsolescence, and foundries may discontinue a wafer fabrication process used for certain of our products. In such event, we generally offer our customers a last time buy program to satisfy their anticipated requirements for our products. The unanticipated discontinuation of wafer fabrication processes on which we rely may adversely affect our revenues and our customer relationships.

The foundries and other suppliers on whom we rely may experience financial difficulties or suffer disruptions in their operations due to causes beyond our or their control, including labor strikes, work stoppages, electrical power outages, fire, earthquake, flooding or other natural disasters. Certain of our suppliers manufacturing facilities are located near major earthquake fault lines in California and the Asia-Pacific region. In the event of a disruption of the operations of one or more of our suppliers, we may not have a second manufacturing source immediately available. Such an event could cause significant delays in shipments until we could shift the products from an affected facility or supplier to another facility or supplier. The manufacturing processes we rely on are specialized and are available from a limited number of suppliers. Alternate sources of manufacturing capacity, particularly wafer production capacity, may not be available to us on a timely basis. Even if alternate wafer production capacity is available, we may not be able to obtain it on favorable terms, or at all. Difficulties or delays in securing an adequate supply of our products on favorable terms, or at all, could impair our ability to meet our customers requirements and have a material adverse effect on our operating results.

In addition, the highly complex and technologically demanding nature of semiconductor manufacturing has caused foundries from time to time to experience lower than anticipated manufacturing yields, particularly in connection with the introduction of new products and the installation and start-up of new process technologies. Lower than anticipated manufacturing yields may affect our ability to fulfill our customers demands for our products on a timely basis. Moreover, lower than anticipated manufacturing yields may adversely affect our cost of goods sold and our results of operations.

We may experience difficulties in transitioning to smaller geometry process technologies or in achieving higher levels of design integration, which may result in reduced manufacturing yields, delays in product deliveries, increased expenses and loss of design wins to our competitors.

To remain competitive, we expect to continue to transition our semiconductor products to increasingly smaller line width geometries. This transition requires us to modify the manufacturing processes for our products and to redesign some products as well as standard cells and other integrated circuit designs that we may use in multiple products. We periodically evaluate the benefits, on a product-by-product basis, of migrating to smaller geometry process technologies to reduce our costs. Currently our products are manufactured in a variety of process technologies ranging from 0.8 micron technology, which is our most mature technology, to 90 nanometer, which is the most advanced. We currently have product development efforts underway at the 65 nanometer process technology node. In the past, we have experienced some difficulties in shifting to smaller geometry process technologies or new manufacturing processes, which resulted in reduced manufacturing yields, delays in product deliveries and increased expenses. We may face similar difficulties, delays and expenses as we continue to transition our products to smaller geometry

processes. We are dependent on our relationships with our foundries to transition to smaller geometry processes successfully. We cannot assure you that our foundries will be able to effectively manage the transition or that we will be able to maintain our existing foundry relationships or develop new ones. If our foundries or we experience significant delays in this transition or fail to implement this transition efficiently, we could experience reduced manufacturing yields, delays in product deliveries and increased expenses, all of which could negatively affect our relationships with our customers and result in the loss of design wins to our competitors, which in turn would adversely affect our results of operations. As smaller geometry processes become more prevalent, we expect to continue to integrate greater levels of functionality, as well as customer and third party intellectual property, into our products. However, we may not be able to achieve higher levels

of design integration or deliver new integrated products on a timely basis, or at all. Moreover, even if we are able to achieve higher levels of design integration, such integration may have a short-term adverse impact on our operating results, as we may reduce our revenue by integrating the functionality of multiple chips into a single chip.

If we are not successful in protecting our intellectual property rights, it may harm our ability to compete.

We use a significant amount of intellectual property in our business. We rely primarily on patent, copyright, trademark and trade secret laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our proprietary technologies and processes. At times we incorporate the intellectual property of our customers into our designs, and we have obligations with respect to the non-use and non-disclosure of their intellectual property. In the past, we have engaged in litigation to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of proprietary rights of others, including our customers. We may engage in future litigation on similar grounds, which may require us to expend significant resources and to divert the efforts and attention of our management from our business operations. We cannot assure you that:

- the steps we take to prevent misappropriation or infringement of our intellectual property or the intellectual property of our customers will be successful;
- any existing or future patents will not be challenged, invalidated or circumvented; or
- any of the measures described above would provide meaningful protection.

Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our technology without authorization, develop similar technology independently or design around our patents. If any of our patents fails to protect our technology it would make it easier for our competitors to offer similar products. In addition, effective patent, copyright, trademark and trade secret protection may be unavailable or limited in certain countries.

Uncertainties involving litigation could adversely affect our business.

We and certain of our current and former officers and directors have been named as defendants in several purported securities class action lawsuits, which have now been consolidated into a single action. We and certain of our directors and officers have also been named as defendants in purported shareholder derivative actions. We and certain of our current and former officers and our Employee Benefits Plan Committee have also been named as defendants in a purported breach of fiduciary duties action. Although we believe that these lawsuits are without merit, an adverse determination could have a negative impact on the price of our stock. Moreover, regardless of the ultimate result, the lawsuits may divert management s attention and resources from other matters, which could also adversely affect our business and results of operations.

Our success depends, in part, on our ability to effect suitable investments, alliances and acquisitions.

Although we invest significant resources in research and development activities, the complexity and speed of technological changes make it impractical for us to pursue development of all technological solutions on our own. On an ongoing basis, we review investment, alliance and acquisition prospects that would complement our existing product offerings, augment our market coverage or enhance our technological capabilities. However, we cannot assure you that we will be able to identify and consummate suitable investment, alliance or acquisition transactions in the future.

Moreover, if we consummate such transactions, they could result in:

large initial one-time write-offs of in-process research and development;

the incurrence of substantial debt and assumption of unknown liabilities;

the potential loss of key employees from the acquired company;

amortization expenses related to intangible assets; and

the diversion of management s attention from other business concerns.

Integrating acquired organizations and their products and services may be expensive, time-consuming and a strain on our resources and our relationships with employees and customers, and ultimately may not be successful. The process of integrating operations could cause an interruption of, or loss of momentum in, the

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activities of one or more of our product lines and the loss of key personnel. The diversion of management s attention and any delays or difficulties encountered in connection with acquisitions and the integration of multiple operations could have an adverse effect on our business, results of operations or financial condition.

We have significant goodwill and intangible assets, and future impairment of our goodwill and intangible assets could have a material negative impact on our financial condition and results of operations.

At December 29, 2006, we had $712.6 million of goodwill and $72.2 million of intangible assets, net, which together represented approximately 42% of our total assets. Approximately $616.3 million of the goodwill was generated in our merger with GlobespanVirata, Inc. in February 2004. In periods subsequent to an acquisition, at least on an annual basis or when indicators of impairment exist, we must evaluate goodwill and acquisition-related intangible assets for impairment. When such assets are found to be impaired, they will be written down to estimated fair value, with a charge against earnings. If our market capitalization drops below our book value for a prolonged period of time, if our assumptions regarding our future operating performance change or if other indicators of impairment are present, we may be required to write-down the value of our goodwill and acquisition-related intangible assets by taking a non-cash charge against earnings. Because of the significance of our goodwill and intangible assets, any future impairment of these assets could have a material adverse effect on our financial condition and results of operations, although it would have no effect on our cash flow.

We may be liable for penalties under environmental laws, rules and regulations, which could adversely impact our business.

Our former manufacturing operations used a variety of chemicals and were subject to a wide range of environmental protection regulations in the United States and Mexico. We have been designated as a potentially responsible party and are engaged in groundwater remediation under a previously approved Consent Decree at one Superfund site located at a former silicon wafer manufacturing facility and steel fabrication plant in Parker Ford, Pennsylvania formerly occupied by us, which has been settled pursuant to a Consent Decree entered into with the EPA in August 2006. In addition, we are engaged in remediations of groundwater contamination at our former Newport Beach, California wafer fabrication facility. We estimate the remaining costs for these remediations to be approximately $1.5 million as of December 29, 2006 and have accruals for these costs in our consolidated balance sheets.

In the United States, environmental regulations often require parties to fund remedial action regardless of fault. Consequently, it is often difficult to estimate the future impact of environmental matters, including potential liabilities. While we have not experienced any material adverse effects on our operations as a result of such regulations, we cannot assure you that the costs that might be required to complete remedial actions, if any, will not have a material adverse effect on our business, financial condition and results of operations.

We may be limited in the future in the amount of net operating losses that we can use to offset taxable income.

As of December 29, 2006, we had approximately $1.3 billion of U.S. federal income tax net operating loss (NOL) carry forwards that can be used to offset taxable income in subsequent years. Approximately $455.5 million of the NOL carry forwards were acquired in the merger with GlobespanVirata and in other acquisitions. The NOL carry forwards are scheduled to expire at various dates through 2026. Section 382 of the Internal Revenue Code could limit the future use of some or all of the NOL carry forwards if the ownership of our common stock changes by more than 50 percentage points in certain circumstances over a three-year testing period. Based on information known to us, we have not undergone such a change of ownership and the merger did not constitute a change of ownership, although the shares of our common stock issued in the merger will be taken into account in any change of ownership computations. Direct or indirect transfers of our common stock, when taken together with the shift in ownership resulting from the merger, could result in a change of ownership that would trigger the Section 382 limitation. If such an ownership

change occurs, Section 382 would limit our use of NOL carry forwards in each subsequent taxable year to an amount equal to a federal long-term tax-exempt rate published by the Internal Revenue Service at the time of the ownership change, multiplied by our fair market value at such time; any unused annual limitation amounts may also be carried forward. The merger resulted in a change of ownership of GlobespanVirata and the future use of GlobespanVirata s NOL carry forwards is subject to the Section 382 limitation (or further limitation in the case of NOL carry forwards already subject to limitation as a result of previous transactions) based on the fair market value of GlobespanVirata at the time of the merger.

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Provisions in our organizational documents and rights agreement and Delaware law may make it difficult for someone to acquire control of us.

We have established certain anti-takeover measures that may affect our common stock and convertible notes. Our restated certificate of incorporation, our by-laws, our rights agreement with Mellon Investor Services LLC, as rights agent, dated as of November 30, 1998, as amended, and the Delaware General Corporation Law contain several provisions that would make more difficult an acquisition of control of us in a transaction not approved by our board of directors. Our restated certificate of incorporation and by-laws include provisions such as:

- the division of our board of directors into three classes to be elected on a staggered basis, one class each year;
- the ability of our board of directors to issue shares of our preferred stock in one or more series without further authorization of our shareholders;
- a prohibition on shareholder action by written consent;
- a requirement that shareholders provide advance notice of any shareholder nominations of directors or any proposal of new business to be considered at any meeting of shareholders;
- a requirement that a supermajority vote be obtained to remove a director for cause or to amend or repeal certain provisions of our restated certificate of incorporation or by-laws;
- elimination of the right of shareholders to call a special meeting of shareholders; and
- a fair price provision.

Our rights agreement gives our shareholders certain rights that would substantially increase the cost of acquiring us in a transaction not approved by our board of directors.

In addition to the rights agreement and the provisions in our restated certificate of incorporation and by-laws, Section 203 of the Delaware General Corporation Law generally provides that a corporation shall not engage in any business combination with any interested shareholder during the three-year period following the time that such shareholder becomes an interested shareholder, unless a majority of the directors then in office approves either the business combination or the transaction that results in the shareholder becoming an interested shareholder or specified shareholder approval requirements are met.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the new notes as described in this prospectus. We will receive in exchange old notes in like principal amount. The old notes surrendered in exchange for the new notes will be retired and canceled and cannot be reissued. Therefore, the issuance of the new notes will not result in any change in our indebtedness.

We used the net proceeds from the issuance of the old notes, together with available cash, cash equivalents and marketable securities on hand, to repay at maturity our outstanding $456.5 million aggregate principal amount of 4% convertible subordinated notes due February 1, 2007. While that application was pending, we invested the net proceeds from the offering of the old notes in short-term interest-bearing securities.

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OUR COMPANY

We design, develop and sell semiconductor system solutions, comprised of semiconductor devices, software and reference designs, for use in broadband communications applications that enable high-speed transmission, processing and distribution of audio, video, voice and data to and throughout homes and business enterprises worldwide. Our access solutions connect people through personal communications access products, such as personal computers (PCs) and television set-top boxes (STBs), to audio, video, voice and data services over wireless and wire line broadband connections as well as over dial-up Internet connections. Our central office solutions are used by service providers to deliver high-speed audio, video, voice and data services over copper telephone lines and optical fiber networks to homes and businesses around the globe. In addition, our media processing products enable the capture, display, storage, playback and transfer of audio and video content in applications throughout home and small office environments. These solutions enable broadband connections and network content to be shared throughout a home or small office-home office environment using a variety of communications devices, which we describe as the broadband digital home.

Our principal executive offices are located at 4000 MacArthur Boulevard, West Tower, Newport Beach, California 92660 and our telephone number is (949) 483-4600.

RATIO OF EARNINGS TO FIXED CHARGES

	Fiscal Years					Three Months Ended, December 29,
	2006	2005	2004	2003	2002	2006
Ratio of Earnings to Fixed Charges(a)				1.9x		1.1x

(a) Ratio of earnings to fixed charges is calculated by dividing earnings by fixed charges. For purposes of calculating this ratio, earnings consist of income (loss) from continuing operations before (i) income taxes, (ii) income (loss) from equity method investments and (iii) fixed charges. Fixed charges consist of interest expense, including amortization of debt issuance costs, and the portion of rent expense which we believe is representative of the interest component of rental expense. Earnings were insufficient to cover fixed charges by $111.5 million, $163.0 million, $315.3 and $141.7 million for fiscal years 2006, 2005, 2004 and 2002, respectively.

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DESCRIPTION OF OTHER INDEBTEDNESS

Accounts Receivable Financing Facility

On November 29, 2005, we established an accounts receivable financing facility whereby we sell, from time to time, certain accounts receivable to Conexant USA, LLC, or Conexant USA, a special purpose entity which is our consolidated subsidiary. Under the terms of our agreements with Conexant USA, we retain the responsibility to service and collect accounts receivables sold to it and receive a weekly fee from Conexant USA for handling administrative matters which is equal to 1.0%, on a per annum basis, of the uncollected value of the accounts receivable.

Concurrent with our agreements with Conexant USA, it entered into an $80.0 million revolving credit agreement with a bank which is secured by the assets of Conexant USA. This credit agreement has a term of 364 days, expiring November 28, 2007, with 364-day renewal periods at the discretion of the bank. Conexant USA is required to maintain certain minimum amounts on deposit (restricted cash) with the bank during the term of the credit agreement. Borrowings under the credit agreement, which cannot exceed the lesser of $80.0 million and 85% of the uncollected value of purchased accounts receivable that are eligible for coverage under an insurance policy for the receivables, bear interest equal to 7-day LIBOR plus 0.6%. Additionally, Conexant USA pays a fee of 0.2% per annum for the unused portion of the line of credit.

The credit agreement requires us and our consolidated subsidiaries to maintain minimum levels of shareholders equity and cash and cash equivalents. Further, any failure to pay our debts as they become due would allow the bank to terminate the credit agreement and cause all borrowings under the credit agreement to immediately become due and payable. At December 29, 2006, Conexant USA had $8.8 million of restricted cash and $79.7 million of accounts receivable, both of which serve as collateral under the credit agreement. At December 29, 2006, Conexant USA had borrowed $80.0 million under this credit agreement and we were in compliance with all financial covenants.

Convertible Subordinated Notes Due 2026

In March 2006, we issued $200.0 million principal amount of 4% convertible subordinated notes due March 2026 and, in May 2006, the initial purchaser of the notes exercised its option to purchase an additional $50.0 million principal amount of the 2026 Notes. Our total proceeds from these issuances, net of issuance costs, were $243.6 million. The 2026 Notes are general unsecured obligations. Interest on the 2026 Notes is payable in arrears semiannually on each March 1 and September 1, beginning on September 1, 2006. The 2026 Notes are convertible, at the option of the holder upon satisfaction of certain conditions, into shares of our common stock at a conversion rate of 203.2520 shares per $1,000 principal (representing an initial conversion price of approximately $4.92 per share), subject to adjustment for certain events. Approximately 50.8 million shares of our common stock would be issuable upon conversion of 100% of the 2026 Notes. Upon conversion, we have the right to deliver, in lieu of common stock, cash or a combination of cash and common stock.

Beginning on March 1, 2011, we have the option to redeem the 2026 Notes at a price equal to 100% of the principal amount, plus any accrued and unpaid interest. Holders may require us to repurchase, for cash, all or part of our 2026 Notes on March 1, 2011, March 1, 2016 and March 1, 2021 at a price of 100% of the principal amount, plus any accrued and unpaid interest.

As unsecured subordinated obligations, our 2026 Notes rank junior in right of payment to our existing and future senior indebtedness, and are structurally subordinated to the indebtedness of our subsidiaries, including the short-term

indebtedness of our Conexant USA subsidiary in connection with our accounts receivable financing facility. In addition, they are effectively subordinated to our secured debt to the extent of the value of the security, including the old notes and the new notes.

THE EXCHANGE OFFER

Why We Are Offering to Exchange Your Old Notes for New Notes

We originally sold the old notes on November 13, 2006, in a transaction exempt from the registration requirements of the Securities Act. J.P. Morgan Securities Inc. and Credit Suisse Securities (USA) LLC, as the initial purchasers, then resold the old notes to qualified institutional buyers under Rule 144A and to persons in offshore transactions under Regulation S under the Securities Act. As of the date of this prospectus, $275 million aggregate principal amount of old notes is outstanding.

As a condition to the initial sale of the old notes, we entered into a registration rights agreement with the initial purchasers under which we agreed that we would, at our own cost, file an exchange offer registration statement under the Securities Act with the SEC and:

- commence the exchange offer promptly after the registration statement is declared effective by the SEC and use our commercially reasonable efforts to complete the exchange offer not later than 60 days after such effective date;
- keep the exchange offer open for no less than 20 business days after notice of the exchange is mailed to holders of old notes; and
- use our commercially reasonable efforts to consummate the exchange within 270 days after the issuance of the old notes on November 13, 2006 (August 10, 2007).

We agreed to issue and exchange the new notes for all old notes tendered and not withdrawn before the exchange offer expires.

THE SUMMARY IN THIS PROSPECTUS OF THE REGISTRATION RIGHTS AGREEMENT IS NOT COMPLETE AND IS SUBJECT TO, AND IS QUALIFIED IN ITS ENTIRETY BY, ALL THE PROVISIONS OF THE REGISTRATION RIGHTS AGREEMENT. WE URGE YOU TO READ THE ENTIRE REGISTRATION RIGHTS AGREEMENT CAREFULLY.

We filed a copy of the registration rights agreement as an exhibit to the registration statement of which this prospectus is a part. We intend to satisfy some of our obligations under the registration rights agreement with the registration statement.

Terms of the Exchange Offer

Timing of the Exchange Offer. We are offering the new notes in exchange for your old notes. We will keep the exchange offer open for at least 20 business days, or longer if required by applicable law, after the date notice of the exchange offer is mailed to the holders of the old notes.

You May Tender Your Old Notes Only in Multiples of $1,000. On the terms and subject to the conditions in this prospectus and in the accompanying letter of transmittal, we will accept any and all old notes validly tendered and not validly withdrawn before 5:00 p.m., New York City time, on April 17, 2007. We will issue $1,000 principal amount of new notes in exchange for each $1,000 principal amount of outstanding old notes accepted in the exchange offer. You may tender some or all of your old notes under the exchange offer. However, you may tender old notes only in

multiples of $1,000.

Form and Terms of the New Notes. The form and terms of the new notes will be the same as the form and terms of the old notes except that:

- the new notes will have a different CUSIP number from the old notes;
- the new notes will be registered under the Securities Act and will not have legends restricting their transfer;
- the new notes will not contain terms providing for payment of liquidated damages under circumstances relating to the timing of the exchange offer, as described under Liquidated Damages below; and
- holders of the new notes will not be entitled to any registration rights under the registration rights agreement because these rights will terminate when the exchange offer is completed.

The new notes will evidence the same debt as the old notes and will be issued under, and be entitled to the benefits of, the same indenture governing the old notes. We will treat both series of notes as a single class of debt securities under the indenture.

Who Will Receive This Prospectus. We will mail this prospectus and the letter of transmittal to all registered holders of the old notes as of March 19, 2007.

No Appraisal or Dissenters Rights. In connection with the exchange offer, you do not have any appraisal or dissenters rights under the General Corporation Law of the State of Delaware or the indenture governing the old notes. We intend to conduct the exchange offer in accordance with the registration rights agreement, the applicable requirements of the Exchange Act and the applicable rules and regulations of the SEC related to exchange offers.

Acceptance of Tendered Old Notes. We will be deemed to have accepted validly tendered old notes when, as and if we have given oral or written notice of acceptance to The Bank of New York Trust Company, N.A., as the exchange agent for the exchange offer. The exchange agent will act as agent for the tendering holders for the purpose of receiving the new notes from us.

If we do not accept your old notes tendered for exchange because:

- you invalidly tendered your old notes;
- some other events specified in this prospectus have occurred; or
- you submitted your old notes for a greater principal amount than you wanted to exchange,

we will return the certificates for the unaccepted old notes, without expense, to you. If you tender old notes by book-entry transfer in the exchange agent account at The Depository Trust Company, or DTC, in accordance with the book-entry transfer procedures described below, any non-exchanged old notes will be credited to an account maintained with DTC as soon as possible after the expiration date of the exchange offer.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on April 17, 2007, unless we extend the exchange offer in our sole discretion. If we extend the exchange offer, the expiration date is the latest date and time to which we extend the exchange offer.

We Can Amend or Extend the Exchange Offer

We can extend the exchange offer. To do so we must:

- notify the exchange agent of any extension either orally or in writing; and
- make an announcement of the extension before 9:00 a.m., New York City time, on the next business day after the previous date the exchange offer was scheduled to expire.

We also reserve the right to:

- delay accepting any old notes; or
- terminate the exchange offer and refuse to accept any old notes not previously accepted if any of the conditions described below under How to Tender Your Old Notes Conditions shall have occurred and we have not waived them.

If we delay, extend or terminate the exchange offer we must give oral or written notice to the exchange agent.

We may also amend the terms of the exchange offer in any way we determine is advantageous to holders of the old notes. If this change is material, we will promptly disclose that amendment in a manner reasonably calculated to inform holders of the old notes.

We do not have to publish, advertise or otherwise communicate any public announcement of any delay, extension, amendment or termination that we may choose to make, other than by making a timely release to the Dow Jones News Service.

Interest on the New Notes

Interest is payable on the old notes, and will be payable on the new notes, on February 15, May 15, August 15 and November 15 of each year. The new notes will accrue interest on the same terms as the old notes, at a rate per annum equal to LIBOR plus 3.75% per year from February 15, 2007, the last maturity date of any interest installment on which interest was paid on the old notes. If you hold old notes and they are accepted for exchange you will waive your right to receive any payment in respect of interest on your old

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notes accrued from February 15, 2007 to the date the new notes are issued. Thus, if you exchange your old notes for new notes you will receive the same interest payment on May 15, 2007, which is the next interest payment date with respect to the old notes and the first interest payment date with respect to the new notes, that you would have received had you not accepted the exchange offer.

Resale of the New Notes

We believe that you will be allowed to resell the new notes to the public without registration under the Securities Act and without delivering a prospectus that satisfies the requirements of the Securities Act, if you can make the representations set forth in the letter of transmittal, described in How to Tender Your Old Notes Representations on Tendering Old Notes . If you intend to participate in a distribution of the new notes, however, you must comply with the registration requirements of the Securities Act and deliver a prospectus, unless an exemption from registration is otherwise available. In addition, you cannot be an affiliate of ours as defined in Rule 405 under the Securities Act. You must represent to us in the letter of transmittal accompanying this prospectus that you meet these conditions exempting you from the registration requirements.

We base our view on interpretations by the staff of the SEC in no-action letters issued to other issuers in exchange offers like ours. We have not, however, asked the SEC to consider this particular exchange offer in the context of a no-action letter. Therefore, we cannot assure you that the SEC will treat this exchange offer in the same way it has treated other exchange offers in the past. If our belief is wrong, you could incur liability under the Securities Act. We will not protect you against any loss incurred as a result of this liability under the Securities Act.

A broker-dealer that has bought old notes for market-making or other trading activities must deliver a prospectus in order to resell any new notes it has received for its own account in the exchange. A broker-dealer may use this prospectus to resell any of its new notes. We agreed in the registration rights agreement to make this prospectus, and any amendment or supplement to this prospectus, available to any broker-dealer that requests copies until 180 days after the last exchange date. See Plan of Distribution below for more information regarding broker-dealers.

Shelf Registration Statement

In the event that we determine that a registered exchange offer is not available under applicable law or if applicable interpretations of the staff of the SEC do not permit us to effect the exchange offer, or, if for any reason, we and the subsidiary guarantors do not consummate the exchange offer within 270 days after the closing date of the issuance of the old notes on November 13, 2006, or August 10, 2007, or upon receipt of a written request from any initial purchaser representing that it holds old notes that are ineligible to be exchanged in the exchange offer, we will use our commercially reasonable efforts to cause to become effective a shelf registration statement relating to resales of the old notes and to keep that shelf registration statement effective until the expiration of the two-year holding period referred to in Rule 144(k) under the Securities Act, or such shorter period that will terminate when all old notes covered by the shelf registration statement have been sold. We and the subsidiary guarantors will, in the event of such a shelf registration, provide to each noteholder copies of a prospectus, notify each noteholder when the shelf registration statement has become effective and take certain other actions to permit resales of the old notes. A noteholder that sells old notes under the shelf registration statement generally will be required to make certain representations to us (as described in the registration rights agreement), to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with those sales and will be bound by the provisions of the registration rights agreement that are applicable to such a noteholder (including certain indemnification obligations). Holders of old notes will also be required to suspend their use of the prospectus included in the shelf registration statement under specified circumstances upon receipt of notice from us. Under applicable interpretations of the staff of the SEC, our affiliates will not be permitted to exchange their old notes for registered new notes in the exchange offer.

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Liquidated Damages

If the exchange offer is not completed (or, if required, the shelf registration statement is not declared effective) on or before the date that is 270 days after the closing date of the issuance of the old notes on November 13, 2006, or August 10, 2007, the annual interest rate borne by the old notes will be increased by 0.25% per annum (which rate will be increased by an additional 0.25% per annum for each subsequent 90-day period that such additional interest continues to accrue, provided that the rate at which such additional interest accrues may in no event exceed 1.00% per annum) until the exchange offer is completed, the shelf registration statement is declared effective or the old notes become freely tradable under the Securities Act. If a shelf registration statement is required to be filed due to an unsold allotment of old notes held by an initial purchaser, such old notes will accrue additional interest if the shelf registration is not declared effective on or before the later of (1) 270 days after the closing date of the issuance of the old notes on November 13, 2006, or August 10, 2007, and (2) 90 days after such initial purchaser requests that we file a shelf registration statement for this purpose.

HOW TO TENDER YOUR OLD NOTES

Procedures for Physical Tender

To tender certificates representing old notes in the exchange offer, you must do the following:

- properly complete, sign and date the letter of transmittal;
- if the letter of transmittal so requires, have the signatures on the letter of transmittal guaranteed; and
- mail or otherwise deliver the letter of transmittal, together with your old notes and any other required documents, to the exchange agent before 5:00 p.m., New York City time, on the expiration date.

In order for the tender to be effective, the exchange agent must receive the certificates for the old notes, a completed letter of transmittal and all other required documents before 5:00 p.m., New York City time, on the expiration date.

By tendering, you will make the representations described under the heading Representations on Tendering Old Notes . In addition, each participating broker-dealer must acknowledge that it will deliver a prospectus in connection with any resale of the new notes. See Plan of Distribution .

Your tender and our acceptance of the tender will constitute the agreement between you and us set forth in this prospectus and in the letter of transmittal.

As an alternative to delivery by mail, holders may wish to consider overnight or hand delivery service. **In all cases, you should allow sufficient time to assure delivery to the exchange agent before the expiration date.** No letter of transmittal or old notes should be sent to us. Holders may request their respective brokers, dealers, commercial banks, trust companies or nominees to effect the above transactions on their behalf.

You have the sole risk of the method you choose to have the old notes and the letter of transmittal and all other required documents delivered to the exchange agent. It is your responsibility to ensure that all procedures to effect a valid tender have been followed.

Beneficial Owners

If you hold old notes and your old notes are registered in the name of a broker-dealer, commercial bank, trust company or other nominee and you wish to tender your old notes, you should contact the registered holder promptly and instruct it to tender your old notes on your behalf. See Instructions to Registered Holder and/or Book-Entry Transfer Participant sent with the letter of transmittal.

If you hold old notes that are registered as described above and you want to tender on your own behalf, you must, before completing and executing the letter of transmittal and delivering your old notes, either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take a long time.

Signatures on Letter of Transmittal

Generally, an eligible guarantor institution must guarantee signatures on a letter of transmittal or a notice of withdrawal unless the old notes are tendered:

- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or

- for the account of an eligible guarantor institution.

An eligible guarantor institution is:

- a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc.;

- a commercial bank or trust company having an office or correspondent in the U.S.; or

- an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act which is a member of one of the recognized signature guarantee programs identified in the letter of transmittal.

If a person other than the registered holder of any old notes listed in the letter of transmittal signed the letter of transmittal, the old notes must be endorsed or accompanied by a properly completed bond power. The

bond power must authorize this person to tender the old notes on behalf of the registered holder and must be signed by the registered holder as the registered holder s name appears on the old notes.

If trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity sign the letter of transmittal or any old notes or bond powers, these persons should so indicate when signing, and unless waived by us, submit with the letter of transmittal evidence satisfactory to us of their authority to so act.

Procedures for Book-Entry Tender

Within two business days after the date of this prospectus the exchange agent will establish a new account or utilize an existing account with respect to the old notes at the book-entry transfer facility at DTC, for the purpose of facilitating the exchange offer. Subject to the establishment of the accounts, any financial institution that is a participant in DTC s system may make book-entry delivery of old notes by causing DTC to transfer the old notes into the exchange agent s account with respect to the old notes in accordance with DTC s procedures.

If you are a DTC participant or hold old notes registered in the name of a broker-dealer, commercial bank, trust company or other nominee, you may deliver your old notes by using the book-entry transfer procedures described below. DTC authorizes its participants that hold old notes on behalf of beneficial owners of old notes through DTC to tender their old notes as if they were holders. To effect a tender of old notes, DTC participants must transmit their acceptance to DTC through DTC s automated tender offer program (ATOP), for which the transaction will be eligible.

DTC will verify the participant s acceptance, execute a book-entry transfer of the tendered old notes into the exchange agent s account at DTC and then send to the exchange agent an agent s message, including confirmation of this book-entry transfer (a book-entry confirmation). An agent s message is a message transmitted by DTC to, and received by, the exchange agent, which states that DTC has received an express acknowledgment from the participant in DTC tendering the old notes stating:

- the aggregate principal amount of old notes which have been tendered by the participant;
- that the participant has received, and agrees to be bound by, the terms of the letter of transmittal; and
- that we may enforce this agreement against the participant.

Delivery of an agent s message will also constitute an acknowledgment from the tendering DTC participant that the representations contained in the letter of transmittal and described below in this document are true and correct. Further, upon delivery of the agent s message, a beneficial owner (whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee) or holder will be deemed to have irrevocably constituted and appointed the exchange agent as its agent and attorney-in-fact (with full knowledge that the exchange agent is also acting as an agent for us in connection with the exchange offer and as trustee under the indenture for the notes) with respect to the tendered old notes, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest subject only to the right of withdrawal described in this prospectus), to receive for our account all benefits and otherwise exercise all rights of beneficial ownership of such old notes, in accordance with the terms and conditions of the exchange offer.

The exchange agent must receive, on or prior to the expiration date, a timely agent s message, including a book-entry confirmation of the book-entry transfer of the old notes into the exchange agent s account at DTC. No agent s message or book-entry confirmation should be sent to us.

It is your responsibility to ensure that all procedures to effect a valid tender have been followed. Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the exchange agent.

Acceptance of Tendered Notes

We will determine, in our sole discretion, all questions as to the validity, form, acceptance, withdrawal and eligibility, including time of receipt, of tendered old notes. We reserve the absolute right:

- to reject any and all old notes not properly tendered;
- to reject any old notes if our acceptance would, in the opinion of our counsel, be unlawful; and
- to waive any irregularities or conditions of tender as to particular old notes.

Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

Unless waived, you must cure any defects or irregularities in connection with tenders of old notes within a period of time that we will determine. Neither we, nor the exchange agent, nor any other person will be liable for failure to give notice of any defect or irregularity with respect to any tender of old notes. We will not deem a tender of an old note to have been made until the defects or irregularities mentioned above have been cured or waived.

The exchange agent will return to the tendering holders any old notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived, unless otherwise provided in the letter of transmittal, as soon as practicable after the exchange offer expires.

Representations on Tendering Old Notes

By surrendering old notes in the exchange offer, whether by physical or book-entry delivery, you will be representing to us that, among other things:

you are acquiring the new notes issued in the exchange offer in the ordinary course of your business;

you are not an affiliate , as defined in Rule 405 under the Securities Act, of ours;

you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate, in the distribution of the new notes issued to you in the exchange offer;

you have full power and authority to tender, sell, assign and transfer the old notes tendered and to acquire the new notes issuable upon the exchange of such tendered old notes;

we will acquire good, marketable and unencumbered title to the old notes being tendered, free and clear of all security interests, liens, restrictions, charges, encumbrances, conditional sale agreements or other obligations relating to their sale or transfer, and not subject to any adverse claim when the old notes are accepted by us; and

you acknowledge and agree that if you are a broker-dealer registered under the Exchange Act or you are participating in the exchange offer for the purposes of distributing the new notes, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale of the new notes, and you cannot rely on the positions of the SEC s staff contained in their no-action letters, including in Exxon Capital Holdings Corporation, SEC no-action letter (April 13, 1988), Morgan, Stanley & Co. Incorporated, SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993).

If you are a broker-dealer and you will receive new notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities, you will be required to acknowledge in the letter of transmittal that you will deliver a prospectus in connection with any resales of the new notes you receive in the exchange offer.

Guaranteed Delivery Procedures

If you wish to tender your old notes and:

- you cannot deliver your old notes, the letter of transmittal or any other required documents to the exchange agent before the expiration date;

- you cannot complete the procedure for book-entry transfer before the expiration date; or

- your old notes are not immediately available in order for you to meet the expiration date deadline,

then you may participate in the exchange offer if:

(1) the tender is made through an eligible institution;

(2) before the expiration date, the exchange agent receives from the eligible guarantor institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form provided by us, by facsimile transmission, mail or hand delivery, containing:

  - the name and address of the holder of the old notes, the certificate number or numbers of the old notes and the principal amount of old notes tendered;

  - a statement that the tender is being made thereby;

a guarantee that, within five business days after the expiration date, (a) the eligible guarantor institution will deposit (i) the letter of transmittal, together with the certificate or certificates representing the old notes in proper form for transfer or (ii) an agent s message, including a confirmation of book-entry transfer of the old notes into the exchange agent s account at DTC, and (b) any other documents required by the letter of transmittal will be deposited by the eligible guarantor institution with the exchange agent; and

(3) the exchange agent receives, within five business days after the expiration date:

a properly completed and executed letter of transmittal or an agent s message in the case of a book-entry transfer;

the certificate or certificates representing all tendered old notes in proper form for transfer or a confirmation of book-entry transfer of the old notes into the exchange agent s account at DTC; and

all other documents required by the letter of transmittal.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw your tender of old notes at any time before 5:00 p.m., New York City time, on the expiration date.

To withdraw a tender of old notes in the exchange offer, the exchange agent must receive a letter or facsimile notice of withdrawal at its address set forth below under Exchange Agent before 5:00 p.m., New York City time, on the expiration date. Any notice of withdrawal must:

specify the name of the person who deposited the old notes to be withdrawn;

identify the old notes to be withdrawn including the certificate number or numbers and aggregate principal amount of old notes to be withdrawn or, in the case of old notes transferred by book-entry transfer, the name and number of the account at DTC to be credited and otherwise comply with the procedures of the transfer agent;

be signed by the holder in the same manner as the original signature on the letter of transmittal by which the old notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer sufficient to have the trustee under the indenture governing the old notes register the transfer of the old notes into the name of the person withdrawing the tender; and

specify the name in which the old notes being withdrawn are to be registered, if different from that of the person who deposited the notes.

We will determine in our sole discretion all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Our determination will be final and binding on all parties. Any old notes withdrawn in this manner will be deemed not to have been validly tendered for purposes of the exchange offer. We will not issue new notes unless the old notes withdrawn in this manner are validly retendered. We will return to you any old notes that you have tendered but that we have not accepted for exchange without cost as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn old notes by following one of the procedures described above under Procedures for Physical Tender and Procedure for Book-Entry Tender at

any time before the expiration date.

Conditions

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange new notes for, any old notes and we may terminate the exchange offer as provided in this prospectus before the old notes are accepted, if:

- any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer which, in our reasonable judgment, might materially impair our ability to proceed with the exchange offer;
- any law, statute, rule or regulation is proposed, adopted or enacted, or the staff of the SEC interprets any existing law, statute, rule or regulation in a manner, which, in our reasonable judgment, might materially impair our ability to proceed with the exchange offer; or
- we deem it advisable to terminate the exchange offer.

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The conditions listed above are for our sole benefit and we may assert these rights regardless of the circumstances giving rise to any of these conditions. We may waive these conditions in our reasonable discretion in whole or in part at any time and from time to time. If we fail at any time to exercise any of the above rights, the failure will not be deemed a waiver of those rights, and those rights will be deemed ongoing rights which may be asserted at any time and from time to time.

If we determine in our reasonable discretion that we may terminate the exchange offer, we may:

refuse to accept any old notes and return all tendered old notes to the tendering holders;

extend the exchange offer and retain all old notes tendered before the exchange offer expires, subject, however, to the rights of holders to withdraw these old notes; or

waive unsatisfied conditions with respect to the exchange offer and accept all properly tendered old notes that have not been withdrawn. If this waiver constitutes a material change to the exchange offer, we will disclose this change by means of a prospectus supplement that will be distributed to the registered holders of the old notes. If the exchange offer would otherwise expire, we will extend the exchange offer for 5 to 10 business days, depending on how significant the waiver is and the manner of disclosure to registered holders.

Exchange Agent

We have appointed The Bank of New York Trust Company, N.A. as the exchange agent for the exchange offer. You should direct any questions, requests for assistance and requests for additional copies of this prospectus or of the letter of transmittal to The Bank of New York Trust Company, N.A., as follows:

By Mail, Hand or Overnight Courier:

The Bank of New York Trust Company, N.A.
Corporate Trust Department
Reorganization Unit
101 Barclay Street 7 East
New York, New York 10286

Attention: Evangeline Gonzales

To Confirm By Telephone: (212) 815-3738

The Bank of New York Trust Company, N.A. is also the trustee under the indenture governing the old notes and the new notes and collateral agent under the collateral documents securing our obligations under the notes.

Fees and Expenses

We will pay the expenses of this exchange offer. We are making the principal solicitation for tenders of old notes by mail. Our officers and regular employees, however, may make additional solicitation by telegraph, facsimile, e-mail, telephone or in person. We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection with providing the services. We may also reimburse brokerage houses and other

custodians, nominees and fiduciaries for their out-of-pocket expenses incurred in forwarding copies of this prospectus, letters of transmittal and related documents to beneficial holders of the old notes.

We will pay any transfer taxes applicable to the exchange of old notes. If, however, a transfer tax is imposed for any reason other than the exchange, then the person surrendering the notes will pay the amount of any transfer taxes. If you do not submit satisfactory evidence of payment of taxes or of an exemption with the letter of transmittal, we will bill you directly for the amount of those transfer taxes.

Accounting Treatment

We will record the new notes at the same carrying value as the old notes as reflected in our accounting records on the date of exchange. Therefore, we will not recognize a gain or loss for accounting purposes. We will amortize the expenses of the exchange offer and the unamortized expenses related to the issuance of the old notes over the term of the notes.

Voluntary Participation

You do not have to participate in the exchange offer. You should carefully consider whether to accept the terms and conditions of this offer. We urge you to consult your financial and tax advisors in deciding what action to take with respect to the exchange offer. See Risk Factors Risks Related to the Notes and Our Other Indebtedness If you do not properly tender your old notes, you will continue to hold unregistered old notes and your ability to transfer old notes will be adversely affected. for more information about the risks of not participating in the exchange offer.

Consequences of Failure to Exchange

If you are eligible to participate in the exchange offer but do not tender your old notes, you will not have any further registration rights and your old notes will continue to be subject to transfer restrictions. Accordingly, you may resell your old notes that are not exchanged only:

- to us, on redemption of notes or otherwise;
- so long as the old notes are eligible for resale under Rule 144A under the Securities Act, to a person whom you reasonably believe is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A;
- in accordance with Rule 144 under the Securities Act or another exemption from the registration requirements of the Securities Act;
- outside the U.S. to a foreign person in accordance with the requirements of Regulation S under the Securities Act; or
- under an effective registration statement under the Securities Act, in each case in accordance with all other applicable securities laws.

Regulatory Approvals

We do not have to comply with any federal or state regulatory requirements and we do not have to obtain any approvals in connection with the exchange offer.

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DESCRIPTION OF THE NEW NOTES

The Company issued the old notes and will issue the new notes under the Indenture dated as of November 13, 2006 (the Indenture) among itself, the Subsidiary Guarantors and The Bank of New York Trust Company, N.A., as trustee (the Trustee). Except as otherwise expressly provided, references to the Notes in this section of the prospectus include both the old notes and the new notes. The terms of the Notes include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). The Indenture is unlimited in aggregate principal amount, although the issuance of old notes on November 13, 2006 was and of new notes in the exchange offer will be limited to $275.0 million in the aggregate. We may issue an unlimited principal amount of additional notes having identical terms and conditions as the Notes other than issue date, issue price and the first interest payment date (the Additional Notes). We will only be permitted to issue such Additional Notes if at the time of such issuance, we are in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes and will vote on all matters with the holders of the Notes.

This description of the new notes is intended to be a useful overview of the material provisions of the Notes, the Indenture and the Collateral Documents (as defined below). Since this description of the new notes is only a summary, you should refer to the Indenture and the Collateral Documents for a complete description of the obligations of the Company and your rights. The Company will make a copy of the Indenture and the Collateral Documents available to the holders upon request.

You will find the definitions of capitalized terms used in this description under the heading Certain Definitions . For purposes of this description, references to the Company , we , our and us refer only to Conexant Systems, Inc. and n to its subsidiaries. Certain defined terms used in this description but not defined herein have the meanings assigned to them in the Indenture.

New Notes Compared to Old Notes

The terms of the new notes are substantially identical to those of the outstanding old notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the old notes do not apply to the new notes. We will consider the old notes and the new notes collectively to be a single class for all purposes under the Indenture, including waivers, amendments, redemptions and offers to purchase.

General

The Notes

The Notes:

- are senior obligations of the Company;

- are secured by first-priority Liens and security interests, subject to Permitted Liens, in substantially all of the assets (other than accounts receivable and all proceeds therefrom) of the Company, including, but not limited to, the intellectual property, real property (other than leased real property), fixtures and equipment now owned or hereafter acquired by the Company;

rank equally in right of payment to any existing and future senior Indebtedness of the Company and senior in right of payment to any existing and future subordinated Indebtedness of the Company;

will be effectively senior to all of the Company s existing and future Indebtedness to the extent the Collateral secures the obligations under the Notes on a first-priority basis;

are unconditionally guaranteed on a senior secured basis by each of the Subsidiary Guarantors. See Subsidiary Guarantees ;

are limited to an aggregate principal amount of $275.0 million, subject to our ability to issue Additional Notes;

mature on November 15, 2010;

will be issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof;

will be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Notes in definitive form; and

are expected to be eligible for trading in The PORTAL Market.

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Subsidiary Guarantees

The Subsidiary Guarantees:

- are senior obligations of the Subsidiary Guarantors;
- are secured by first-priority Liens and security interests, subject to Permitted Liens, in substantially all of the assets (other than accounts receivable and all proceeds therefrom) of the Subsidiary Guarantors, including, but not limited to, the intellectual property, real property (other than leased real property), fixtures and equipment now owned or hereafter acquired by the Subsidiary Guarantors;
- rank equally in right of payment with all existing and future senior Indebtedness of the Subsidiary Guarantors and senior in right of payment to any existing and future subordinated Indebtedness of the Subsidiary Guarantors; and
- will be effectively senior to all of the Subsidiary Guarantors existing and future Indebtedness to the extent the Collateral secures the obligations under the Subsidiary Guarantees on a first-priority basis.

Interest

Interest on the Notes will:

- accrue at a rate per annum equal to LIBOR plus 3.75%, as determined by the calculation agent (the Calculation Agent), which shall initially be the Trustee;
- accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date;
- be payable in cash quarterly in arrears on February 15, May 15, August 15 and November 15, commencing on (1) February 15, 2007 for the old notes and (2) May 15, 2007 for the new notes;
- be payable to the holders of record on the February 1, May 1, August 1 and November 1 immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year.

Notwithstanding the foregoing, if any such interest payment date (other than an interest payment date at maturity) would otherwise be a day that is not a Business Day, then the interest payment will be postponed to the next succeeding Business Day (except if that Business Day falls in the next succeeding calendar month, then interest will be paid on the immediately preceding Business Day). If the maturity date of the Notes is a day that is not a Business Day, all payments to be made on such day will be made on the next succeeding Business Day, with the same force and effect as if made on the maturity date, and no additional interest will be payable as a result of such delay in payment.

The LIBOR component of the interest rate will be reset quarterly by the Calculation Agent. LIBOR will be determined with respect to an Interest Period on the second London Banking Day preceding the first day of the Interest Period. The interest rate for each Interest Period (other than with respect to the period commencing November 13, 2006 and continuing until February 15, 2007 for which the LIBOR component was determined on November 9, 2006) will be adjusted with effect from the interest payment date on which such Interest Period begins.

The amount of interest for each day that any Note is outstanding (the Daily Interest Amount) is calculated by dividing the interest rate in effect for such day by 360 and multiplying the result by the principal amount of such Notes. The amount of interest to be paid on the Notes for each interest period will be calculated by adding the Daily Interest Amounts for each day in the interest period. Each interest period shall end on (but not include) the relevant interest payment date.

All percentages resulting from any calculation of interest will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (*e.g.*, 9.876545% (or 0.09876545) being rounded to 9.87655% (or 0.0987655)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards). In no event shall the actual interest rate exceed that permitted by applicable law.

We also will pay additional interest to holders of the old notes if we fail to complete the exchange offer described under Exchange Offer within 270 days after the issuance of the old notes or if certain other conditions contained in the Registration Rights Agreement are not satisfied. See The Exchange Offer .

Payments on the Notes; Paying Agent and Registrar

We will pay principal of, premium, if any, and interest on the Notes at the office or agency designated by the Company in the Borough of Manhattan, The City of New York, except that we may, at our option, pay interest on the Notes by check mailed to holders of the Notes at their registered address as it appears in the Registrar s books. We have initially designated the corporate trust office of the Trustee in New York, New York to act as our Paying Agent and Registrar. We may, however, change the Paying Agent or Registrar without prior notice to the holders of the Notes, and the Company or any of its Restricted Subsidiaries may act as Paying Agent or Registrar.

We will pay principal of, premium, if any, and interest on the Notes in global form registered in the name of or held by DTC or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global Note.

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by the Company, the Trustee or the Registrar for any registration of transfer or exchange of Notes, but the Company and the Trustee may require a holder to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption. Also, the Company is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered holder of a Note will be treated as the owner of it for all purposes.

Optional Redemption

Except as described below, the Notes are not redeemable until November 15, 2008. On and after November 15, 2008, the Company may redeem all or, from time to time, a part of the Notes upon not less than 30 nor more than 60 days notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest on the Notes, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on November 15 of the years indicated below:

Year	Percentage
2008	102.00%
2009	101.00%
2010	100.00%

Prior to November 15, 2008, the Company may on any one or more occasions redeem up to 35% of the original principal amount of the Notes with the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 100% of the principal amount thereof plus a premium equal to the interest rate per annum on the Notes applicable on the date on which notice of redemption was given, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 65% of the original principal amount of the Notes remains outstanding after each such redemption; and

(2) the redemption occurs within 90 days after the closing of such Equity Offering.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption by the Company.

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate, although no Note of $2,000 in original principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note.

The Company is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

The Company may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Ranking

The Notes are secured by the Collateral and rank senior in right of payment to all existing and future subordinated Indebtedness of the Company. The Notes rank equally in right of payment with all existing and future Indebtedness of the Company that is not so subordinated. The Notes and any Hedging Obligations with respect thereto are effectively senior to all of the Company s and the Subsidiary Guarantors existing and future Indebtedness to the extent the Collateral secures the obligations under the Notes on a first-priority basis. The Notes are effectively subordinated to the Company s and the Subsidiary Guarantors obligations pursuant to any Qualified Receivables Transaction to the extent the Company s and the Subsidiary Guarantors accounts receivable and all proceeds therefrom secure such obligations on a first-priority basis. Conexant, Inc., Brooktree Broadband Holding, Inc. and Ficon Technology, Inc. (each of which is a Wholly Owned Subsidiary of the Company) have guaranteed the Notes. In addition, the Notes will be guaranteed by any future Domestic Subsidiary that is a Material Restricted Subsidiary; *provided* that, if any group of Domestic Subsidiaries that are not Subsidiary Guarantors, taken together (as of the date of the latest audited consolidated financial statements of the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary, one or more of such Domestic Subsidiaries must guarantee the Notes such that after giving effect to such additional Guarantee or Guarantees, as the case may be, the remaining Domestic Subsidiaries that are not Subsidiary Guarantors, taken together (as of the date of the latest audited consolidated financial statements of the Company and its Restricted Subsidiaries), would not constitute a Significant Subsidiary.

After giving effect to the repayment at maturity of the Company s 4% convertible subordinated notes due February 1, 2007, as of December 29, 2006:

- outstanding Indebtedness of the Company and the Subsidiary Guarantors would have been $525.0 million, $275.0 million of which would have been secured by the Collateral on a first-priority basis and none of which would have otherwise been secured;
- Restricted Subsidiaries would have had $94.0 million of liabilities (including liabilities under Qualified Receivables Transactions, but excluding intercompany liabilities and Guarantees of the Notes); and
- Non-Guarantor Restricted Subsidiaries would have had $94.0 million of liabilities (including liabilities under Qualified Receivables Transactions, but excluding intercompany liabilities).

Subsidiary Guarantees

The Subsidiary Guarantors have, jointly and severally, unconditionally guaranteed, on a senior basis, the Company s obligations under the Notes and the Indenture. Each Subsidiary Guarantee is secured by the portion (if any) of the Collateral owned by such Subsidiary Guarantor. Such Subsidiary Guarantors has agreed to pay, in addition to the amount stated above, any and all costs and expenses (including reasonable counsel fees and expenses) Incurred by the Trustee or the holders in enforcing any rights under the Subsidiary Guarantees. The obligations of the Subsidiary Guarantors under the Subsidiary Guarantees rank equally in right of payment with other Indebtedness of such Subsidiary Guarantors, except to the extent such other Indebtedness is expressly subordinated to the obligations

arising under the Subsidiary Guarantees, in which case the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees rank senior in right of payment to such other Indebtedness. The Subsidiary Guarantees are effectively senior to all of the Subsidiary Guarantors existing and future senior Indebtedness to the extent the Collateral secures the obligations under the Subsidiary Guarantees on a first-priority basis.

After giving effect to the repayment at maturity of the Company s 4% convertible subordinated notes due February 1, 2007, as of December 29, 2006, the Subsidiary Guarantors would have no outstanding Indebtedness (excluding intercompany liabilities and Guarantees of the Notes).

Although the Indenture limits the amount of Indebtedness that Restricted Subsidiaries may Incur, such Indebtedness may be substantial.

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The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee are limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law.

In the event a Subsidiary Guarantor is sold or disposed of, whether by merger, consolidation, the sale of its Capital Stock or the sale of all or substantially all of its assets (other than by lease), and whether or not the Subsidiary Guarantor is the surviving corporation in such transaction, to or with a Person which is not the Company or a Restricted Subsidiary (other than a Receivables Entity), such Subsidiary Guarantor will be released from its obligations under its Subsidiary Guarantee, the Indenture, the Registration Rights Agreement, if applicable, and the Collateral Documents to which it is a party if:

(1) the sale or other disposition is in compliance with the Indenture, including the covenants Certain Covenants Limitation on Sales of Assets and Subsidiary Stock (it being understood that only such portion of the Net Available Cash as is required to be applied on or before the date of such release in accordance with the terms of the Indenture needs to be applied in accordance therewith at such time), Certain Covenants Limitation on Sale of Capital Stock of Restricted Subsidiaries and Certain Covenants Merger and Consolidation ; and

(2) all the obligations of such Subsidiary Guarantor under all agreements relating to any other Indebtedness of the Company or its Restricted Subsidiaries terminate upon consummation of such transaction.

In addition, a Subsidiary Guarantor will be released from its obligations under the Indenture, its Subsidiary Guarantee, the Registration Rights Agreement, if applicable, and the Collateral Documents to which it is a party if the Company designates such Subsidiary as an Unrestricted Subsidiary and such designation complies with the other applicable provisions of the Indenture, or in connection with any legal defeasance of the Notes, or upon satisfaction and discharge of the Indenture, each in accordance with the terms of the Indenture.

Collateral

Assets Pledged as Collateral

The Notes and Subsidiary Guarantees and any Hedging Obligations with respect thereto are or will be secured by first-priority Liens and security interests, subject to Permitted Liens, in substantially all of the assets (other than accounts receivable and all proceeds therefrom, 35% of the Capital Stock of each first-tier Foreign Subsidiary, the Capital Stock of a Foreign Subsidiary other than a first-tier Foreign Subsidiary and the membership interests of Conexant USA) of the Company and the Subsidiary Guarantors, including, but not limited to, any intellectual property, real property (other than leased real property), fixtures and equipment now owned or hereafter acquired by the Company or the Subsidiary Guarantors.

The Collateral includes any improvements or additions to the intellectual property, real property, fixtures and equipment that currently form part of the Collateral and any additional Collateral acquired with the proceeds of any issuance of Additional Notes. In addition, the Company and the Subsidiary Guarantors are required to pledge as first-priority Collateral any additional intellectual property, real property (other than leased real property) or related fixtures and equipment acquired after November 7, 2006, including intellectual property, real property (other than leased real property) or related fixtures and equipment acquired with the proceeds from certain specified transactions as described below under Certain Covenants with Respect to the Collateral After-acquired property. The Collateral also includes a pledge of all the Capital Stock owned directly by the Company and the Subsidiary Guarantors; *provided* that no such pledge will include more than 65% of the Capital Stock of any first-tier Foreign Subsidiaries, any Capital Stock of any Foreign Subsidiary that is not a first-tier Foreign Subsidiary or any membership interests of Conexant USA.

The Collateral does not include any Capital Stock and other securities of a Subsidiary to the extent that the pledge of such Capital Stock and other securities results in the Company being required to file separate financial statements of such Subsidiary with the SEC, but only to the extent necessary to not be subject to such requirement. In addition, in the event that Rule 3-16 or Rule 3-10 of Regulation S-X under the Securities Act is amended, modified or interpreted by the SEC to require (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would require) the filing with the SEC (or any other governmental agency) of separate financial statements of any Subsidiary of the Company due to the fact that such Subsidiary s Capital Stock secures the Notes, then the Capital Stock of such Subsidiary will automatically be deemed not to be part of the Collateral but only to the extent necessary to not be subject to

such requirement. In such event, the Collateral Documents may be amended or modified, without the consent of any holder of Notes, to the extent necessary to release the security interests in favor of the Collateral Agent on the shares of Capital Stock that are so deemed to no longer constitute part of the Collateral. In the event that Rule 3-16 and Rule 3-10 of Regulation S-X under the Securities Act are amended, modified or interpreted by the SEC to permit (or are replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would permit) such Subsidiary s Capital Stock to secure the Notes in excess of the amount then pledged without the filing with the SEC (or any other governmental agency) of separate financial statements of such Subsidiary, then the Capital Stock of such Subsidiary will automatically be deemed to be a part of the Collateral but only to the extent permitted to not be subject to any such financial statement requirement.

Sufficiency of Collateral

No appraisal of the value of the Collateral has been made and the value of the Collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. Consequently, liquidating the Collateral securing the Notes may not produce proceeds in an amount sufficient to pay any amounts due on the Notes.

The fair market value of the Collateral is subject to fluctuations based on factors that include, among others, the condition of the semiconductor industry, the ability to sell the Collateral in an orderly sale, general economic conditions, the availability of buyers and similar factors. The amount to be received upon a sale of the Collateral would also be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time and the timing and the manner of the sale. By its nature, portions of the Collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or in an orderly manner. In addition, in the event of a bankruptcy, the ability of the holders to realize upon any of the Collateral may be subject to certain bankruptcy law limitations as described below.

Certain Covenants with Respect to the Collateral

The Collateral has been pledged pursuant to the Collateral Documents, which contain provisions relating to the administration, preservation and disposition of the Collateral. The following is a summary of some of the covenants and provisions set forth in the Collateral Documents and the Indenture as they relate to the Collateral.

Maintenance of collateral. The Collateral Documents provide that the Company and the Subsidiary Guarantors shall maintain the Collateral in good, safe and insurable operating order, condition and repair and do all other acts as may be reasonably necessary or appropriate to maintain and preserve the value of the Collateral. The Collateral Documents also provide that the Company and the Subsidiary Guarantors will pay all real estate and other taxes, and maintain in full force and effect all material permits and certain insurance coverages.

Certain proceeds. The Collateral Documents provide that proceeds from the destruction or condemnation of the Collateral or from eminent domain proceedings shall be deposited into a Collateral Account to be invested in Additional Assets (which may include performance of a Restoration of the Collateral). Any remaining proceeds will then be applied in accordance with the covenant under Certain Covenants Limitation on Sales of Assets and Subsidiary Stock below.

As more fully described below under Certain Covenants Limitation on Sales of Assets and Subsidiary Stock , the Company must pledge the non-cash proceeds from certain sales of Collateral as Collateral for the Notes and use the cash proceeds from any such sale of Collateral to purchase Additional Assets that must be pledged as Collateral for the Notes. Any remaining proceeds will then be applied to make an offer to repurchase the Notes in accordance with

the terms of the Indenture.

Proceeds from any of the above transactions will be deposited in a segregated account under the control of the Collateral Agent.

After-acquired property. Upon the acquisition by the Company or any Subsidiary Guarantor after the Issue Date of (1) any assets, including, but not limited to, any after-acquired real property (other than leased real property) or any equipment or fixtures which constitute accretions, additions or technological upgrades to the equipment or fixtures that form part of the Collateral or (2) any Additional Assets out of the Net Cash Proceeds in compliance with the covenant described under Certain Covenants Limitation on Sales of

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Assets and Subsidiary Stock , the Company or such Subsidiary Guarantor will execute and deliver such mortgages, deeds of trust, security instruments, financing statements, certificates and opinions of counsel as may be necessary to vest in the Collateral Agent a perfected security interest, subject only to Permitted Liens, in such after-acquired property and to have such after-acquired property added to the Collateral, and thereupon all provisions of the Indenture relating to the Collateral will be deemed to relate to such after-acquired property to the same extent and with the same force and effect.

Further assurances. The Collateral Documents and the Indenture provide that the Company and the Subsidiary Guarantors will, at their sole expense, do all acts which may be reasonably necessary to confirm that the Collateral Agent holds, for the benefit of the holders of the Notes and the Trustee, duly created, enforceable and perfected first-priority Liens and security interests, as applicable, in the Collateral (subject to Permitted Liens).

As required by applicable law, or upon request of the Trustee, the Company and the Subsidiary Guarantors will, at their sole expense, execute, acknowledge and deliver such documents and instruments and take such other actions, which may be necessary to assure, perfect, transfer and confirm the property and rights conveyed by the Collateral Documents, including with respect to after-acquired Collateral.

The Indenture provides that the Company will comply with the applicable provisions of the Trust Indenture Act as they relate to the Collateral.

To the extent applicable, the Company will cause Section 313(b) of the Trust Indenture Act, relating to reports, and Section 314(d) of the Trust Indenture Act, relating to the release of property and to the substitution therefor of any property to be pledged as Collateral for the Notes, to be complied with. Any certificate or opinion required by Section 314(d) of the Trust Indenture Act may be made by an Officer of the Company except in cases where Section 314(d) requires that such certificate or opinion be made by an independent engineer, appraiser or other expert, who shall be reasonably satisfactory to the Trustee. Notwithstanding anything to the contrary in this paragraph, the Company will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act if it determines, in good faith based on advice of counsel, that under the terms of Section 314(d) or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including no action letters or exemptive orders, all or any portion of Section 314(d) is inapplicable.

Impairment of security interest. Neither the Company nor any of its Restricted Subsidiaries will take or omit to take any action which would materially adversely affect or impair the Liens in favor of the Collateral Agent and the holders of the Notes with respect to the Collateral. Neither the Company nor any of its Restricted Subsidiaries will grant to any Person, or permit any Person to retain (other than the Collateral Agent, the Company or the Subsidiary Guarantors), any interest whatsoever in the Collateral, other than Permitted Liens. Neither the Company nor any of its Restricted Subsidiaries will enter into any agreement that requires the proceeds received from any sale of Collateral to be applied to repay, redeem, defease or otherwise acquire or retire any Indebtedness of any Person, other than as permitted by the Indenture, the Notes and the Collateral Documents. The Company will, and will cause each Subsidiary Guarantor to, at its sole cost and expense, execute and deliver all such agreements and instruments as necessary, or as the Trustee shall reasonably request, to more fully or accurately describe the assets and property intended to be Collateral or the obligations intended to be secured by the Collateral Documents.

Real estate mortgages and filings. With respect to any fee interest in any real property (individually and collectively, the Premises) owned by the Company or a Subsidiary Guarantor on the Issue Date or acquired by the Company or a Subsidiary Guarantor after the Issue Date:

(1) the Company shall deliver to the Collateral Agent, as mortgagee or beneficiary, as applicable, fully executed counterparts of Mortgages, each dated as of the Issue Date (or as soon as practical thereafter) or the date of acquisition

of such property, as the case may be, duly executed by the Company or the applicable Subsidiary Guarantor, together with evidence of the completion (or satisfactory arrangements for the completion) of all recordings and filings of such Mortgage (and payment of any taxes or fees in connection therewith) as may be necessary to create a valid, perfected Lien, subject to Permitted Liens, against the properties purported to be covered thereby;

(2) the Collateral Agent shall have received mortgagee s title insurance policies in favor of the Collateral Agent, as mortgagee for the ratable benefit of itself and the holders of the Notes in the amounts and in the form necessary, with respect to the property purported to be covered by such Mortgage, to insure that title to such property is marketable and that the interests created by the

Mortgage constitute valid Liens thereon free and clear of all Liens, defects and encumbrances, other than Permitted Liens, and such policies will also include, to the extent available, such other necessary endorsements and will be accompanied by evidence of the payment in full of all premiums thereon; and

(3) the Company shall, or shall cause its Subsidiary Guarantors to, deliver to the Collateral Agent (a) with respect to each of the covered Premises owned on the Issue Date, such filings, surveys (or any updates or affidavits that the title company may reasonably require in connection therewith), local counsel opinions and fixture filings, along with such other documents, instruments, certificates and agreements, as the initial purchasers and their counsel shall reasonably request, and (b) with respect to each of the covered Premises acquired after the Issue Date, such filings, surveys, instruments, certificates, agreements and/or other documents necessary to comply with clauses (1) and (2) above and to perfect the Collateral Agent s security interest in such acquired covered Premises, together with such local counsel opinions as the Collateral Agent and its counsel shall reasonably request.

Negative pledge. The Indenture provides that the Company and its Restricted Subsidiaries will not further pledge the Collateral as security or otherwise, subject to Permitted Liens. The Company, however, subject to compliance by the Company with the Certain Covenants Limitation on Indebtedness covenant, has the ability to issue an unlimited aggregate principal amount of Additional Notes having terms and conditions identical to those of the Notes, all of which may be secured by the Collateral.

Foreclosure

Upon the occurrence and during the continuance of an Event of Default, the Collateral Documents provide for (among other available remedies) the foreclosure upon and sale of the applicable Collateral by the Collateral Agent and the distribution of the net proceeds of any such sale to the holders of the Notes, subject to any prior Liens on the Collateral.

Certain Bankruptcy Limitations

The right of the Trustee to repossess and dispose of the Collateral upon the occurrence of an Event of Default would be significantly impaired by applicable bankruptcy law in the event that a bankruptcy case were to be commenced by or against the Company or any Subsidiary Guarantor prior to the Trustee having repossessed and disposed of the Collateral. Upon the commencement of a case for relief under Title 11 of the United States Code, as amended (the Bankruptcy Code), a secured creditor such as the Trustee is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from the debtor, without bankruptcy court approval.

In view of the broad equitable powers of a U.S. bankruptcy court, it is impossible to predict how long payments under the Notes could be delayed following commencement of a bankruptcy case, whether or when the Trustee could repossess or dispose of the Collateral, the value of the Collateral at the time of the bankruptcy petition or whether or to what extent holders of the Notes would be compensated for any delay in payment or loss of value of the Collateral. The Bankruptcy Code permits only the payment and/or accrual of post-petition interest, costs and attorneys fees to a secured creditor during a debtor s bankruptcy case to the extent the value of the Collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the Collateral.

Furthermore, in the event a domestic or foreign bankruptcy court determines that the value of the Collateral is not sufficient to repay all amounts due on the Notes, the holders of the Notes would hold secured claims to the extent of the value of the Collateral to which the holders of the Notes are entitled, and unsecured claims with respect to the shortfall.

In addition, because a portion of the Collateral may consist of pledges of a portion of the Capital Stock of certain of our Foreign Subsidiaries, the validity of those pledges under applicable foreign law, and the ability of the holders of the Notes to realize upon that Collateral under applicable foreign law, may be limited by such law, which limitations may or may not affect such Liens.

Release

The Liens on the Collateral will be released with respect to the Notes:

(1) in whole, upon payment in full of the principal of, accrued and unpaid interest and premium, if any, on the Notes;

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(2) in whole, upon satisfaction and discharge of the Indenture;

(3) in whole, upon a legal defeasance as set forth under the caption Defeasance ;

(4) in part, as to any property constituting Collateral (a) that is sold or otherwise disposed of by the Company or any of its Restricted Subsidiaries in a transaction permitted by Certain Covenants Limitation on Sales of Assets and Subsidiary Stock or by the Collateral Documents, to the extent of the interest sold or disposed of, (b) that is cash or Net Available Cash withdrawn from a Collateral Account for any one or more purposes permitted by subsection (a) of Certain Covenants Limitation on Sales of Assets and Subsidiary Stock ; (c) that is of the nature described in clauses (1), (4), (5), (7), (8), (10), (11) or (16) of the proviso in the definition of Asset Disposition , and is subject to a disposition as therein provided, (d) that is owned or at any time acquired by a Subsidiary of the Company that has been released from its Subsidiary Guarantee in accordance with the Indenture, concurrently with the release thereof, (e) that is Capital Stock of a Subsidiary of the Company to the extent necessary for such Subsidiary not to be subject to any requirement pursuant to Rule 3-16 or Rule 3-10 of Regulation S-X under the Securities Act, due to the fact that such Subsidiary s Capital Stock secures the Notes, to file separate financial statements with the SEC (or any other governmental agency) or (f) otherwise in accordance with, and as expressly provided for under, the Indenture;