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LSI LOGIC CORP
Form S-4
April 13, 2001

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 13, 2001

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LSI LOGIC CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	3674	94-2712976
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

1551 MCCARTHY BOULEVARD
MILPITAS, CALIFORNIA 95035
TELEPHONE: (408) 433-8000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

DAVID G. PURSEL, ESQ.
VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
LSI LOGIC CORPORATION
1551 MCCARTHY BOULEVARD
MILPITAS, CALIFORNIA 95035
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after this registration statement becomes effective and upon consummation of the transactions described in the enclosed prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. []

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

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

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)
Common Stock, par value \$0.01 per share.....	43,445,527	N/A	\$636,834,434

- (1) Represents the maximum number of shares of LSI Logic Corporation common stock estimated to be issuable upon consummation of the exchange offer and subsequent merger of Clover Acquisition Corp., a Delaware corporation and wholly owned subsidiary of LSI Logic Corporation, with and into C-Cube Microsystems Inc., based on the exchange ratio applicable in the exchange offer and subsequent merger (0.79 of a share of LSI Logic Corporation common stock for each share of C-Cube Microsystems Inc. common stock).
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(1) and (3) and Rule 457(c) of the Securities Act of 1933, based on the product of (i) \$11.58, the average of the high and low sale prices per share of C-Cube Microsystems Inc. common stock on April 9, 2001, as reported by The New York Stock Exchange and (ii) the maximum number of shares of C-Cube Microsystems Inc. common stock estimated to be received by LSI Logic Corporation or cancelled pursuant to the exchange offer and subsequent merger.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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THE INFORMATION IN THIS PROSPECTUS MAY BE CHANGED. LSI LOGIC CORPORATION MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND LSI LOGIC CORPORATION IS NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY STATE WHERE THE EXCHANGE OFFER OR SALE IS NOT PERMITTED.

LSI LOGO

C-CUBE LOGO

PRELIMINARY PROSPECTUS, SUBJECT TO COMPLETION, DATED APRIL 13, 2001
LSI LOGIC CORPORATION
OFFER TO EXCHANGE EACH OUTSTANDING SHARE OF COMMON STOCK
OF
C-CUBE MICROSYSTEMS INC.
FOR
0.79 OF A SHARE OF COMMON STOCK
OF
LSI LOGIC CORPORATION

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK TIME, ON MAY 10, 2001, UNLESS EXTENDED. SHARES TENDERED PURSUANT TO THIS EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION OF THE EXCHANGE OFFER, BUT NOT DURING ANY SUBSEQUENT OFFERING PERIOD.

On March 26, 2001, LSI Logic entered into a merger agreement with C-Cube, providing for LSI Logic or a subsidiary of LSI Logic to acquire all of the outstanding shares of C-Cube common stock by means of an exchange offer and a subsequent merger. C-Cube's board of directors unanimously approved the merger agreement, determined that the exchange offer and the merger are fair to, and in the best interests of, C-Cube stockholders and recommends that C-Cube stockholders accept the exchange offer and tender their shares pursuant to the exchange offer.

LSI Logic, through its wholly owned subsidiary Clover Acquisition Corp., is offering to exchange 0.79 of a share of LSI Logic common stock for each outstanding share of C-Cube common stock that is validly tendered and not properly withdrawn. If completed, the exchange offer will be followed by a merger of Clover Acquisition Corp. into C-Cube in which shares of C-Cube common stock will be converted into shares of LSI Logic common stock at the same exchange ratio used in the exchange offer. After completion of the merger, C-Cube will be a wholly owned subsidiary of LSI Logic.

LSI Logic's obligation to exchange its common stock for C-Cube common stock in the exchange offer is subject to the conditions listed in the section entitled "Certain Terms of the Merger Agreement -- Conditions to the Exchange Offer." LSI Logic common stock is listed on The New York Stock Exchange under the symbol "LSI" and C-Cube common stock is listed on the Nasdaq National Market under the symbol "CUBE."

SEE "RISK FACTORS" BEGINNING ON PAGE 19 FOR A DISCUSSION OF IMPORTANT FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE EXCHANGE OFFER.

LSI LOGIC IS NOT ASKING YOU FOR A PROXY NOR SHOULD YOU SEND LSI LOGIC A PROXY. Any request for proxies will be made only pursuant to separate proxy solicitation materials complying with the requirements of Section 14(a) of the Securities Exchange Act of 1934.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this prospectus or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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The date of this prospectus is April 13, 2001.

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THIS DOCUMENT INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT LSI LOGIC FROM DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION THAT HAVE NOT BEEN INCLUDED IN OR DELIVERED WITH THIS DOCUMENT. THIS INFORMATION IS AVAILABLE AT THE INTERNET WEB SITE THAT THE SECURITIES AND EXCHANGE COMMISSION MAINTAINS AT [HTTP://WWW.SEC.GOV](http://www.sec.gov), AS WELL AS FROM OTHER SOURCES. SEE "WHERE YOU CAN FIND MORE INFORMATION," ON PAGE 102 OF THIS PROSPECTUS.

YOU MAY ALSO REQUEST COPIES OF THESE DOCUMENTS FROM LSI LOGIC, WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST TO LSI LOGIC CORPORATION, ATTENTION: INVESTOR RELATIONS, 1551 MCCARTHY BOULEVARD, MILPITAS, CALIFORNIA 95035, TELEPHONE NUMBER: (408) 433-8000. IN ORDER TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS, YOU MUST MAKE YOUR REQUEST NO LATER THAN MAY 3, 2001.

QUESTIONS AND ANSWERS ABOUT THE PROPOSED TRANSACTION

Q: WHAT ARE LSI LOGIC AND C-CUBE PROPOSING?

A: LSI Logic and C-Cube have entered into a merger agreement, pursuant to which LSI Logic is offering to exchange shares of LSI Logic common stock for all of the outstanding shares of C-Cube common stock. If the exchange offer is completed, Clover Acquisition Corp., a wholly owned subsidiary of LSI Logic, will merge with C-Cube. As a result of the exchange offer and the merger, C-Cube will become a wholly owned subsidiary of LSI Logic.

Q: WHAT WOULD I RECEIVE IN EXCHANGE FOR MY SHARES OF C-CUBE COMMON STOCK?

A: In the exchange offer, LSI Logic is offering to exchange 0.79 of a share of its common stock for each outstanding share of C-Cube common stock that is

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validly tendered and not properly withdrawn.

After completion of the exchange offer, each share of C-Cube common stock that has not been tendered and accepted for exchange in the exchange offer would be converted in the merger into 0.79 of a share of LSI Logic common stock, which is the same fraction of a share of LSI Logic common stock being issued in exchange for each share of C-Cube common stock accepted for exchange in the exchange offer.

LSI Logic will not issue any fractional shares of common stock in connection with the exchange offer or the merger. C-Cube stockholders will instead receive cash for any fractional shares otherwise issuable to them.

Q: IS THE EXCHANGE OFFER BEING MADE BY LSI LOGIC OR CLOVER ACQUISITION CORP.?

A: The exchange offer is technically being made by Clover Acquisition Corp., which was formed by LSI Logic specifically for the purpose of making the exchange offer and otherwise facilitating the transaction. Because Clover Acquisition Corp. is a wholly owned transitory subsidiary of LSI Logic, all of the shares of C-Cube common stock acquired by Clover Acquisition Corp. in the exchange offer will actually be beneficially owned and controlled by LSI Logic. Therefore, although Clover Acquisition Corp. is technically making the exchange offer and will be a party to the merger, when we discuss the exchange offer and the merger, we generally refer only to LSI Logic.

Q: HOW LONG WILL IT TAKE TO COMPLETE THE EXCHANGE OFFER AND THE MERGER?

A: LSI Logic hopes to complete the exchange offer in the second quarter of 2001. LSI Logic expects to complete the merger shortly after it completes the exchange offer, or, if stockholder approval for the merger is required, shortly after the special meeting of C-Cube stockholders to approve the merger.

Q: DO I HAVE TO PAY ANY BROKERAGE FEES OR COMMISSIONS?

A: If you are the record owner of your shares and you tender your shares in the exchange offer, you will not incur any brokerage fees or commissions. If you own your shares through a broker or other nominee who tenders the shares on your behalf, your broker may charge you a commission for doing so. You should consult with your broker or nominee to determine whether any charges will apply.

Q: DOES C-CUBE'S BOARD OF DIRECTORS SUPPORT THE EXCHANGE OFFER AND THE MERGER?

A: Yes. C-Cube's board of directors unanimously supports the exchange offer and the merger and recommends that you tender your shares of C-Cube common stock in the exchange offer. Information about the recommendation of C-Cube's board of directors is described in C-Cube's Solicitation/ Recommendation Statement on Schedule 14D-9, which is being mailed to you together with this prospectus.

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Q: HAVE ANY C-CUBE STOCKHOLDERS AGREED TO TENDER THEIR SHARES?

A: Yes. All of the directors, one of whom is also an executive officer, of C-Cube have agreed to tender into the exchange offer shares representing approximately 3.4% of the common stock of C-Cube outstanding as of April 10, 2001.

Q: WHAT PERCENTAGE OF LSI LOGIC COMMON STOCK WILL C-CUBE STOCKHOLDERS OWN AFTER THE MERGER?

A: If LSI Logic obtains all of the shares of C-Cube common stock pursuant

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to the transaction, former stockholders of C-Cube would own approximately 11% of the shares of common stock of LSI Logic, based upon the number of shares of LSI Logic common stock and C-Cube common stock outstanding on April 10, 2001, and not taking into account stock options, warrants or convertible securities of C-Cube or LSI Logic.

Q: WHAT ARE THE MOST SIGNIFICANT CONDITIONS TO THE EXCHANGE OFFER?

A: LSI Logic's obligation to accept shares of C-Cube common stock for exchange in the exchange offer is subject to several conditions, including:

- a majority of the outstanding shares of C-Cube common stock (including for purposes of this calculation, to the extent determined by LSI Logic, certain outstanding options and an outstanding warrant to purchase shares of C-Cube common stock) having been validly tendered and not properly withdrawn, which is referred to in this prospectus as the "minimum tender condition";
- the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and compliance with applicable foreign antitrust laws;
- the registration statement of which this prospectus is a part having been declared effective by the Securities and Exchange Commission; and
- C-Cube having not materially breached any covenant in the merger agreement, or breached its representations and warranties in the merger agreement, if its breach of its representations and warranties would have a material adverse effect on C-Cube.

These and other conditions to the exchange offer are discussed in this prospectus in the section entitled "Certain Terms of the Merger Agreement -- Conditions to the Exchange Offer" beginning on page 60.

Q: HOW DO I PARTICIPATE IN THE EXCHANGE OFFER?

A: You are urged to read this entire prospectus carefully, and to consider how the exchange offer and the merger affect you. Then, if you wish to tender your shares of C-Cube common stock, you should complete and sign the enclosed letter of transmittal and return it with your stock certificates to the designated exchange agent, or, if you hold your shares in "street name" through a broker, ask your broker to tender your shares. Please read this prospectus carefully for more information about procedures for tendering your shares, the timing of the exchange offer, extensions of the exchange offer period and your rights to withdraw your shares from the exchange offer prior to the expiration date.

Q: WHAT HAPPENS IF I DO NOT TENDER MY SHARES OF C-CUBE COMMON STOCK?

A: If, after completion of the exchange offer, LSI Logic owns a majority of the outstanding shares of C-Cube common stock, it intends to complete a merger of its wholly owned subsidiary, Clover Acquisition Corp., with C-Cube. Upon completion of the merger, each share of C-Cube common stock that has not been tendered and accepted for exchange in the exchange offer will be converted into the same fraction of a share of LSI Logic common stock being issued in exchange for each share of C-Cube common stock accepted for exchange in the exchange offer.

Q: WILL I BE TAXED ON THE LSI LOGIC SHARES I RECEIVE?

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A: Your receipt of shares of LSI Logic common stock in the transaction will be tax-free for United States federal income tax purposes (except for taxes, if any, resulting from the receipt of cash instead of fractional shares of LSI Logic common stock), if (1) the transaction is completed under the current terms of the merger agreement, (2) the minimum tender condition to the exchange offer is satisfied, and (3) the merger is completed promptly after the exchange offer. You are urged to read the information regarding material federal income tax consequences contained in this prospectus carefully, and to consult with your tax advisor regarding the consequences of participation in the exchange offer and/or the merger.

Q: DO THE STATEMENTS ON THE COVER PAGE REGARDING THIS PROSPECTUS BEING SUBJECT TO CHANGE AND THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION NOT YET BEING EFFECTIVE MEAN THAT THE EXCHANGE OFFER HAS NOT YET COMMENCED?

A: No. The exchange offer has commenced and effectiveness of the registration statement is not necessary for you to tender shares of C-Cube common stock.

Q: WHERE CAN I FIND MORE INFORMATION ABOUT LSI LOGIC AND C-CUBE?

A: You can find more information about LSI Logic and C-Cube as described in the section entitled "Where You Can Find More Information," on page 102 of this prospectus.

Q: WHOM SHOULD I CONTACT IF I HAVE MORE QUESTIONS ABOUT THE TRANSACTION?

A: You may contact the Information Agent using the following contact information:

Information Agent
D.F. KING & CO., INC.
77 Water Street
New York, NY 10005
Banks and Brokers Call Collect: (212) 269-5550
All Others Call Toll Free: (800) 848-3409

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SUMMARY

This summary highlights selected information from this prospectus and may not contain all of the information that is important to you. You should carefully read this entire document and the other documents to which this document refers you in order to understand fully the exchange offer and the merger. See "Where You Can Find More Information" on page 102. The merger agreement is attached as Annex A to this prospectus. LSI Logic and C-Cube encourage you to read the merger agreement as it is the legal document that governs the exchange offer and the merger. Page references are included in the parentheses below, to direct you to a more detailed description of the topics presented in this summary.

FORWARD-LOOKING INFORMATION

Certain of the information relating to LSI Logic, C-Cube and the combined company contained or incorporated by reference into this prospectus is forward-looking in nature. All statements included or incorporated by reference into this prospectus or made by management of LSI Logic or C-Cube, other than

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statements of historical fact regarding LSI Logic or C-Cube, are forward-looking statements. Examples of forward-looking statements include statements regarding LSI Logic's, C-Cube's or the combined company's future financial results, operating results, business strategies, projected costs, products and competitive positions, and plans and objectives of management for future operations. In some cases, you can identify forward-looking statements by terminology, such as "may," "will," "should," "would," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. Any expectations based on these forward-looking statements are subject to risks and uncertainties and other important factors, including those discussed in the section entitled "Risk Factors." These and many other factors could affect the future financial and operating results of LSI Logic, C-Cube or the combined company, and could cause actual results to differ materially from expectations based on forward-looking statements made in this document or elsewhere by or on behalf of LSI Logic, C-Cube or the combined company.

THE COMPANIES

LSI LOGIC CORPORATION
1551 McCarthy Boulevard
Milpitas, California 95035
Telephone: (408) 433-8000

LSI Logic Corporation was incorporated in California in 1980, and reincorporated in Delaware in 1987. LSI Logic designs, develops, manufactures and markets high performance integrated circuits and highly scalable enterprise storage systems. LSI Logic's integrated circuits are used in a wide range of communication devices, including wireless, broadband, data networking and set-top box applications. LSI Logic also provides other types of integrated circuit products and board-level products for network computing and high-performance storage controllers and systems for storage area networks. LSI Logic operates in two segments -- the semiconductor segment and the storage area network systems segment, in which it offers products and services for a variety of electronic systems applications.

LSI Logic maintains a site on the Internet at www.lsillogic.com; however, information found on LSI Logic's website is not part of this prospectus.

CLOVER ACQUISITION CORP.
c/o LSI Logic Corporation
1551 McCarthy Boulevard
Milpitas, California 95035
Telephone: (408) 433-8000

Clover Acquisition Corp. is a wholly owned subsidiary of LSI Logic and was incorporated on March 26, 2001, in the State of Delaware. Clover Acquisition Corp. has not engaged in any operations and exists solely to make the exchange offer and otherwise facilitate the transaction. Therefore, although Clover Acquisition Corp. is technically making the exchange offer and will be a party to the merger, when we discuss the transaction in this prospectus, we generally refer only to LSI Logic.

C-CUBE MICROSYSTEMS INC. (PAGE 69)
1778 McCarthy Boulevard
Milpitas, California 95035
Telephone: (408) 490-8000

C-Cube designs, develops, has manufactured and sells semiconductors,

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software and systems for digital video applications. As a major supplier of such products, C-Cube has played a role in enabling the growth of digital video. C-Cube is focused on working with its original equipment manufacturer customers and service providers to enable key applications in its consumer and communications target markets. In the consumer market, C-Cube is focused on playback and recordable video compact disc and digital video disc as well as digital VHS recorders and digital video recorders. The communications market targets interactive set-top boxes, broadcast encoders, which compress data into a more compact form making the data easier to store and transmit, and other emerging appliances. Users of these products will be able to record hours of digital video disc-quality video obtained from any video source, whether television, video cassette recorder, digital video camcorder or analog camcorder. Once they have recorded the video, they will be able to edit and play back the video on standard personal computers and store the resulting video to digital video disc, web pages, e-mail, recordable compact disc or personal computer hard-disk drives.

"C-Cube Microsystems Inc." was incorporated as a California corporation in 1988 and reincorporated in Delaware in 1994. In 1996, C-Cube Microsystems Inc. acquired all of the capital stock of DiviCom Inc. After operating for three years as a combined entity, in 2000, C-Cube Microsystems Inc.'s semiconductor business was spun off as C-Cube Semiconductor Inc. to the stockholders of C-Cube Microsystems Inc. C-Cube Microsystems Inc. then merged with Harmonic Inc. in May 2000. Immediately after the merger, the semiconductor business changed its name back to C-Cube Microsystems Inc. This new entity (including its direct and indirect subsidiaries) is referred to as C-Cube in this prospectus.

C-Cube maintains a site on the Internet at www.c-cube.com; however, information found on C-Cube's website is not part of this prospectus.

THE TRANSACTION (PAGE 30)

LSI Logic and C-Cube are proposing a two part business combination transaction, in which LSI Logic intends to acquire all of the outstanding shares of C-Cube common stock. In the exchange offer, LSI Logic is offering to exchange 0.79 of a share of LSI Logic common stock for each share of C-Cube common stock that is validly tendered and not properly withdrawn. The initial expiration date for the exchange offer is May 10, 2001, but, under certain circumstances, LSI Logic may extend the exchange offer beyond this date.

Promptly after completion of the exchange offer, LSI Logic intends to merge its wholly owned subsidiary, Clover Acquisition Corp., with C-Cube. Each share of C-Cube common stock which has not been tendered and accepted for exchange in the exchange offer would be converted in the merger into 0.79 of a share of LSI Logic common stock, which is the same fraction of a share of LSI Logic common stock being issued in exchange for each share of C-Cube common stock accepted for exchange in the exchange offer. LSI Logic seeks to acquire ownership of 100% of the outstanding shares of C-Cube common stock through the exchange offer and the merger. The exchange offer and the merger are sometimes collectively referred to in this prospectus as the "transaction."

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LSI Logic will not issue any fractional shares of common stock in connection with the exchange offer or the merger. C-Cube stockholders will instead receive cash for any fractional shares otherwise issuable to them.

Example:

- If you currently own 10 shares of C-Cube common stock and if you tender these shares in the exchange offer, after the exchange offer you will

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receive seven shares of LSI Logic common stock and a check for the value of 90% of a share of LSI Logic common stock, rounded up to the nearest whole cent.

- On April 11, 2001, the most recent practicable date prior to the mailing of this prospectus, the last sale price of LSI Logic common stock on The New York Stock Exchange was \$17.71. Applying the 0.79 exchange ratio to the LSI Logic closing price on that date, each holder of shares of C-Cube common stock would be entitled to receive shares of LSI Logic common stock with a market value of approximately \$13.99 for each share of C-Cube common stock. The actual value of the LSI Logic common stock to be issued in the exchange offer and the merger, however, will depend on the market price of LSI common stock at the completion of the exchange offer and the merger, and may be more or less than the value given in this example. We urge you to obtain current price quotations for C-Cube and LSI Logic common stock prior to making your decision whether to tender into the exchange offer.

MARKET PRICE AND DIVIDEND INFORMATION (PAGE 11)

LSI Logic common stock is listed on The New York Stock Exchange under the symbol "LSI" and C-Cube common stock is listed on the Nasdaq National Market under the symbol "CUBE." On March 23, 2001, the last full trading day before the public announcement of the exchange offer and the merger, the last sale price per share of LSI Logic common stock on The New York Stock Exchange was \$20.69 and the last sale price per share of C-Cube common stock on the Nasdaq National market was \$8.81. On April 11, 2001, the most recent practicable date prior to the mailing of this prospectus, the last sale price per share of LSI Logic common stock on The New York Stock Exchange was \$17.71 and the last sale price per share of C-Cube common stock on the Nasdaq National Market was \$13.74.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES (PAGE 43)

LSI Logic and C-Cube believe that the transaction will qualify as a tax-free reorganization for United States federal income tax purposes, if: (1) the transaction is completed under the current terms of the merger agreement; (2) the minimum tender condition to the exchange offer is satisfied; and (3) the merger is completed promptly after the exchange offer. Based on these assumptions, your receipt of LSI Logic common stock in the transaction will be tax-free for United States federal income tax purposes (except for taxes, if any, resulting from the receipt of cash instead of fractional shares of LSI Logic common stock).

The above described tax treatment of the exchange offer and the merger to C-Cube stockholders depends on, among other things, some facts that will not be known before the completion of the merger. C-Cube stockholders are urged to carefully read the discussion in the section entitled "The Transaction -- Material Federal Income Tax Consequences" beginning on page 43 of this prospectus. That discussion includes a summary of the United States federal income tax consequences of participation in the exchange offer and the merger in the event that the assumptions described above are not satisfied.

TAX MATTERS CAN BE COMPLICATED, AND THE TAX CONSEQUENCES OF THE EXCHANGE OFFER AND THE MERGER TO YOU WILL DEPEND ON THE FACTS OF YOUR OWN SITUATION. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR TO FULLY UNDERSTAND THE TAX CONSEQUENCES OF THE EXCHANGE OFFER AND THE MERGER TO YOU.

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C-CUBE (PAGE 38). C-Cube's board of directors believes that the transaction could result in a number of benefits to C-Cube and its stockholders. C-Cube's reasons for entering into the transaction and a number of factors considered by C-Cube's board of directors in determining whether to enter into the transaction are described below.

LSI LOGIC (PAGE 40). LSI Logic's board of directors believes that the transaction represents a compelling opportunity to enhance value for both LSI Logic and C-Cube stockholders. LSI Logic's reasons for entering into the transaction and a number of factors considered by LSI Logic's board of directors in determining whether to enter into the transaction are described below.

RECOMMENDATION TO C-CUBE STOCKHOLDERS

C-Cube's board of directors has unanimously approved the merger agreement, determined that the exchange offer and the merger are fair to, and in the best interests of, C-Cube stockholders and recommends that C-Cube stockholders accept the exchange offer and tender their shares pursuant to the exchange offer. Information about the recommendation of C-Cube's board of directors is more fully described in C-Cube's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to you together with this prospectus.

OPINION OF C-CUBE'S FINANCIAL ADVISOR

C-Cube has received a written opinion, dated March 26, 2001, from Credit Suisse First Boston, to the effect that, as of the date of the opinion and based on and subject to the matters described in its opinion, the exchange ratio provided for in the transaction was fair, from a financial point of view, to the holders of C-Cube common stock (other than LSI Logic and its affiliates). CREDIT SUISSE FIRST BOSTON'S OPINION IS ADDRESSED TO THE C-CUBE BOARD OF DIRECTORS AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER REGARDING WHETHER STOCKHOLDERS SHOULD TENDER SHARES PURSUANT TO THE EXCHANGE OFFER, OR HOW STOCKHOLDERS SHOULD VOTE OR ACT ON ANY MATTER RELATING TO THE MERGER.

TIMING OF THE EXCHANGE OFFER (PAGE 30)

The exchange offer commenced on the date of this prospectus and is currently scheduled to expire on May 10, 2001. However, if any condition to the exchange offer is not satisfied, or, where permissible, waived, LSI Logic is obligated, under the terms of the merger agreement, to extend the exchange offer until all of the conditions have been satisfied or, where permissible, waived, or until the merger agreement is terminated in accordance with its terms.

EXTENSION; TERMINATION AND AMENDMENT (PAGE 30)

Subject to the terms of the merger agreement, LSI Logic has agreed to extend the exchange offer for successive extension periods not in excess of 10 business days per extension if, at the scheduled expiration date of the exchange offer, any of the conditions to the exchange offer has not been satisfied or, where permissible, waived. In addition, LSI Logic is entitled to extend the exchange offer if required by the rules of the Securities and Exchange Commission or The New York Stock Exchange. During an extension, all shares of C-Cube common stock previously tendered and not properly withdrawn will remain subject to the exchange offer, subject to your right to withdraw your shares of C-Cube common stock. An extension of the exchange offer is different than a subsequent offering period. The consequences of a subsequent offering period are described below.

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conditions of the exchange offer by giving oral or written notice of the changes to the Exchange Agent and by making a public announcement thereof; however, without the prior written consent of C-Cube, LSI Logic cannot:

- decrease the number of shares of C-Cube common stock sought in the exchange offer;
- make any changes to the form or amount of consideration to be issued or paid in exchange for shares of C-Cube common stock in the exchange offer;
- impose any additional conditions on the exchange offer other than those already described in the merger agreement;
- amend or waive the minimum tender condition or other specified conditions as described in the merger agreement;
- extend the expiration date of the exchange offer, except in the circumstances described in the merger agreement; or
- make any other change to the terms and conditions of the exchange offer which is adverse to the holders of shares of C-Cube common stock.

LSI Logic is required to follow any extension, termination, amendment or delay, as promptly as practicable, with a public announcement. Any announcement about an extension is required to be issued no later than 9:00 a.m., New York time, on the next business day after the previously scheduled expiration date of the exchange offer. Subject to applicable law, including Rules 14d-4(d) and 14d-6(c) under the Securities Exchange Act of 1934, which require that any material change in the information published, sent or given to stockholders in connection with the exchange offer be promptly sent to stockholders in a manner reasonably designed to inform stockholders of the change, and without limiting the manner in which LSI Logic may choose to make any public announcement, LSI Logic assumes no obligation to publish, advertise or otherwise communicate the public announcement other than by making a release to the Dow Jones News Service.

SUBSEQUENT OFFERING PERIOD (PAGE 31)

LSI Logic may elect to provide a subsequent offering period of three to 20 business days after the acceptance of shares of C-Cube common stock in the exchange offer if the requirements of Rule 14d-11 under the Securities Exchange Act of 1934 have been met. You will not have the right to withdraw any shares of C-Cube common stock that you tender during the subsequent offering period. LSI is required to accept for exchange, and to deliver shares of LSI Logic common stock in exchange for, shares of C-Cube common stock that are validly tendered promptly after they are tendered during any subsequent offering period. If LSI Logic elects to provide a subsequent offering period, it is required to make a public announcement to that effect no later than 9:00 a.m., New York time, on the next business day after the previously scheduled expiration date of the exchange offer.

WITHDRAWAL RIGHTS (PAGE 32)

Your tender of shares of C-Cube common stock pursuant to the exchange offer is irrevocable, except that, other than during any subsequent offering period, shares of C-Cube common stock tendered pursuant to the exchange offer may be withdrawn at any time prior to the expiration date of the exchange offer, as it may be extended, and unless LSI Logic previously accepted them for exchange pursuant to the exchange offer, may also be withdrawn at any time after June 11, 2001.

If LSI Logic elects to provide a subsequent offering period pursuant to

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Rule 14d-11 under the Securities Exchange Act of 1934, you will not have the right to withdraw shares of C-Cube common stock that you tender in the subsequent offering period.

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EXCHANGE OF SHARES OF C-CUBE COMMON STOCK; DELIVERY OF SHARES OF LSI LOGIC COMMON STOCK (PAGE 31)

Upon the terms of, and subject to the conditions to, the exchange offer, including, if the exchange offer is extended or amended, the terms and conditions of any extension or amendment, LSI Logic is required to accept for exchange, and to deliver shares of LSI Logic common in exchange for, shares of C-Cube common stock validly tendered and not properly withdrawn, promptly after the expiration date of the exchange offer and promptly after they are tendered during any subsequent offering period.

PROCEDURE FOR TENDERING (PAGE 33)

For you to validly tender shares of C-Cube common stock pursuant to the exchange offer, a properly completed and duly executed letter of transmittal or manually executed facsimile of that document, along with any required signature guarantees, or an agent's message in connection with a book-entry transfer, and any other required documents, must be transmitted to and received by LSI Logic's Exchange Agent at the address on the back cover of this prospectus. In addition, certificates for tendered shares of C-Cube common stock must be received by the Exchange Agent at that address, or the shares of C-Cube common stock must be tendered pursuant to the procedures for book-entry tender, in each case before the expiration date of the exchange offer.

A STOCKHOLDER VOTE MAY BE REQUIRED TO APPROVE THE MERGER (PAGE 47)

If, after completion of the exchange offer, as it may be extended and including any subsequent offering period, LSI Logic owns 90% or more of the outstanding shares of C-Cube common stock, the merger can be accomplished without a vote of C-Cube stockholders. If, on the other hand, after completion of the exchange offer, as it may be extended and including any subsequent offering period, LSI Logic owns more than 50% but less than 90% of the outstanding shares of C-Cube common stock, a meeting of C-Cube stockholders and the affirmative vote of at least a majority of the shares of C-Cube common stock outstanding on the record date for such meeting will be needed to complete the merger. Since LSI Logic will own a majority of the shares of C-Cube common stock outstanding on the record date, approval of the merger by C-Cube stockholders will be assured.

THE STOCKHOLDER AGREEMENTS (PAGE 67)

As of the date of the merger agreement, all of the directors, one of whom is also an executive officer, of C-Cube, have agreed to tender an aggregate 1,735,765 shares of C-Cube common stock representing approximately 3.4% of the shares of C-Cube common stock outstanding as of April 10, 2001.

INTERESTS OF C-CUBE'S OFFICERS AND DIRECTORS IN THE TRANSACTION (PAGE 42)

When you consider C-Cube's board of directors' recommendation that C-Cube stockholders tender their shares in the exchange offer, you should be aware that some C-Cube officers and directors may have interests in the transaction that may be different from, or in addition to, yours. See the section entitled "The Transaction -- Interests of C-Cube Officers and Directors in the Transaction" on page 42, as well as C-Cube's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to you together with this prospectus.

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CONDITIONS TO THE EXCHANGE OFFER AND THE MERGER (PAGES 60 AND 62)

The obligation of LSI Logic to accept shares of C-Cube common stock for exchange in the exchange offer and the obligations of LSI Logic and C-Cube to complete the merger are subject to the satisfaction of a number of conditions, which may, in some instances, be waived.

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LIMITATION ON C-CUBE'S ABILITY TO CONSIDER OTHER ACQUISITION PROPOSALS (PAGE 57)

C-Cube has agreed not to solicit, initiate, encourage or discuss any proposal for a business combination or other similar transaction involving the acquisition or purchase of 15% or more of any class of equity securities of C-Cube or 15% or more of the book or market value of C-Cube's assets from or with any party other than LSI Logic prior to completion of the merger unless the other party has made an unsolicited written proposal to C-Cube's board of directors for a transaction which C-Cube's board of directors believes in good faith, after consultation with C-Cube's financial advisor, is or could reasonably be expected to be a superior proposal, according to the terms of the merger agreement, and a number of other conditions are satisfied.

TERMINATION OF THE MERGER AGREEMENT (PAGE 63)

LSI Logic and C-Cube can terminate the merger agreement under certain circumstances.

TERMINATION FEE (PAGE 65)

The merger agreement requires C-Cube to pay LSI Logic a termination fee equal to \$33 million in cash if the merger agreement is terminated under certain circumstances.

ACCOUNTING TREATMENT (PAGE 46)

LSI Logic will account for the merger as a purchase for financial reporting purposes.

APPRAISAL RIGHTS (PAGE 47)

C-Cube stockholders are not entitled to appraisal rights in connection with the exchange offer. If, after completion of the exchange offer, as it may be extended and including any subsequent offering period, LSI Logic owns a majority but less than 90% of the outstanding shares of C-Cube common stock, LSI Logic has agreed to effect a long-form merger as permitted under Delaware law, which would require notice to and approval of C-Cube stockholders. C-Cube stockholders who have not exchanged their shares of C-Cube common stock in the exchange offer would not have appraisal rights in connection with a long-form merger.

If, however, after completion of the exchange offer, as it may be extended and including any subsequent offering period, LSI Logic owns 90% or more of the outstanding shares of C-Cube common stock, LSI Logic has agreed to effect a short-form merger as permitted under Delaware law. In the event that LSI Logic completes the transaction through a short-form merger, stockholders who did not tender, or who tendered and withdrew, their shares of C-Cube common stock in the exchange offer would have the right under Delaware law to demand appraisal of their shares of C-Cube common stock, but only if they comply with certain statutory requirements. Stockholders who comply with the applicable statutory procedures will be entitled to receive a judicial determination of the fair value of their shares of C-Cube common stock and to receive payment of this fair

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value in cash. In the event of a short-form merger, information regarding these requirements will be provided to C-Cube stockholders who have not exchanged their shares of C-Cube common stock in the exchange offer.

REGULATORY APPROVALS (PAGE 46)

Completion of the exchange offer is subject to compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, also referred to as the "HSR Act," and a limited number of foreign antitrust regulations. The notifications required under the HSR Act to the Federal Trade Commission and the Antitrust Division of the Department of Justice were filed on April 10, 2001 and the waiting period under the HSR Act will expire on May 10, 2001 unless previously extended or terminated. The notifications required by any foreign jurisdiction will be filed in due course.

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MARKET PRICE AND DIVIDEND INFORMATION

LSI Logic common stock is listed on The New York Stock Exchange under the symbol "LSI." C-Cube common stock is listed on the Nasdaq National Market under the symbol "CUBE." The following table shows, for the periods indicated, the highest and lowest last sale prices for shares of LSI Logic common stock on The New York Stock Exchange and shares of C-Cube common stock on the Nasdaq National Market for the quarters indicated. Neither LSI Logic nor C-Cube has paid any cash dividends during the periods presented.

LSI LOGIC (2) -----	LSI LOGIC COMMON STOCK (1)	
	LOW	HIGH
1999		
First Quarter.....	\$ 8.06	\$14.75
Second Quarter.....	13.75	23.09
Third Quarter.....	22.56	30.72
Fourth Quarter.....	22.06	35.63
2000		
First Quarter.....	30.00	88.25
Second Quarter.....	43.00	74.94
Third Quarter.....	28.88	60.00
Fourth Quarter.....	16.43	32.63
2001		
First Quarter.....	15.73	24.99
Second Quarter (through April 11, 2001).....	13.97	17.71

C-CUBE (4) -----	C-CUBE COMMON STOCK (3)	
	LOW	HIGH
1999		
First Quarter.....	\$ --	\$ --
Second Quarter.....	--	--

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Third Quarter.....	--	--
Fourth Quarter.....	--	--
2000		
First Quarter.....	--	--
Second Quarter.....	14.88	23.38
Third Quarter.....	17.63	23.75
Fourth Quarter.....	9.31	21.94
2001		
First Quarter.....	7.13	14.19
Second Quarter (through April 11, 2001).....	10.94	13.74

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- (1) On January 25, 2000, LSI Logic announced a two-for-one stock split, which was declared by the board of directors as a 100% stock dividend payable to stockholders of record on February 4, 2000, as one new share of common stock for each share held on that date. The newly issued shares of common stock were distributed on February 16, 2000. In the table above, market prices of LSI Logic's common stock have been restated to give retroactive recognition to the two-for-one stock split.
 - (2) According to LSI Logic, there were, as of April 10, 2001, approximately 322,781,424 shares of LSI Logic common stock outstanding, held by approximately 3,891 stockholders of record.
 - (3) C-Cube common stock has been listed on the Nasdaq National Market since May 3, 2000.
 - (4) According to C-Cube, there were, as of April 10, 2001, approximately 50,368,014 shares of C-Cube common stock outstanding, held by approximately 542 stockholders of record.

The following table sets forth the last sale prices per share of LSI Logic common stock on The New York Stock Exchange and C-Cube common stock on the Nasdaq National Market on March 23, 2001, the last trading day prior to the public announcement of the proposed transaction, and on April 11, 2001, the most recent date for which prices were practically available prior to the mailing of this prospectus. The table also sets forth the value of the fraction of a share of LSI Logic common stock that a C-Cube stockholder would have received for one share of C-Cube common stock, assuming that the transaction had taken place on those dates. These values have been calculated by multiplying 0.79, the fraction of a share of LSI Logic common stock to be exchanged for each share of C-Cube common stock, by the last sale price per share of LSI Logic common stock on those dates. The actual value of the shares of LSI Logic common stock that a C-Cube stockholder would receive in the exchange offer and the merger may be higher or lower than the prices listed below.

	LAST SALE PRICE OF LSI LOGIC COMMON STOCK	LAST SALE PRICE OF C-CUBE COMMON STOCK	VALUE OF L COMMON RECEI
	-----	-----	-----
March 23, 2001.....	\$20.69	\$ 8.81	\$16.
April 11, 2001.....	\$17.71	\$13.74	\$13.

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LSI LOGIC CORPORATION SELECTED HISTORICAL FINANCIAL DATA

The following selected historical financial data should be read in conjunction with LSI Logic's financial statements incorporated by reference into this prospectus. LSI Logic's fiscal years ended on December 31 in 2000, 1999, 1998 and 1997 and on the Sunday closest to December 31 in 1996. For presentation purposes, the Consolidated Financial Statements refer to December 31 as year-end.

	YEAR ENDED DECEMBER 31			
	2000	1999	1998	1997
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
STATEMENT OF OPERATIONS DATA:				
Revenues:.....	\$2,737,667	\$2,089,444	\$1,516,891	\$1,322,626
Cost and expenses:				
Cost of revenues.....	1,568,332	1,286,844	884,598	694,274
Research and development.....	378,936	297,554	291,125	229,735
Selling, general and administrative.....	306,962	257,712	226,258	196,359
Acquired in-process research and development.....	77,438	4,600	145,500	2,850
Restructuring of operations and other non-recurring items, net.....	2,781	(2,063)	75,400	--
Amortization of non-cash deferred stock compensation*.....	41,113	--	--	--
Amortization of intangibles.....	72,648	46,625	22,369	4,472
Total costs and expenses.....	2,448,210	1,891,272	1,645,250	1,127,690
Income/(loss) from operations.....	289,457	198,172	(128,359)	194,936
Interest expenses.....	(41,573)	(39,988)	(8,865)	(1,860)
Interest income and other, net.....	51,766	17,640	(8,952)	34,891
Gain on sale of equity securities.....	80,100	48,393	16,671	--
Income/(loss) before income taxes, minority interest and cumulative effect of change in accounting principle.....	379,750	224,217	(129,505)	227,967
Provision of income taxes.....	142,959	65,030	9,905	60,819
Income/(loss) before minority interest and cumulative effect of change in accounting principle.....	236,791	159,187	(139,410)	167,148
Minority interest in net income of subsidiaries.....	191	239	68	727
Income/(loss) before cumulative effect of change in accounting principle.....	236,600	158,948	(139,478)	166,421
Cumulative effect of change in accounting principle.....	--	(91,774)	--	(1,440)
Net income/(loss).....	\$ 236,600	\$ 67,174	\$ (139,478)	\$ 164,981
Basic earnings per share:				
Income/(loss) before cumulative effect of change in accounting principle.....	\$ 0.76	\$ 0.54	\$ (0.49)	\$ 0.59

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Cumulative effect of change in accounting principle.....	--	(0.31)	--	--
Net income/(loss).....	\$ 0.76	\$ 0.23	\$ (0.49)	\$ 0.59
Diluted earnings per share:				
Income/(loss) before cumulative effect of change in accounting principle.....	\$ 0.70	\$ 0.51	\$ (0.49)	\$ 0.57
Cumulative effect of change in accounting principle.....	--	(0.28)	--	--
Net income/(loss).....	\$ 0.70	\$ 0.23	\$ (0.49)	\$ 0.57

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* Amortization of non-cash deferred stock compensation, if not shown separately, of \$0.1 million, \$29 million and \$12 million would have been included in costs of revenue, research and development, and selling, general and administrative expenses respectively, for the year ended December 31, 2000.

	AS OF DECEMBER 31,			
	2000	1999	1998	1997
	(IN THOUSANDS)			
CONSOLIDATED BALANCE SHEET DATA:				
Total assets.....	\$4,197,487	\$3,206,605	\$2,823,805	\$2,155,365
Long-term debt.....	846,311	671,775	558,966	69,455
Stockholders' equity.....	\$2,498,137	\$1,855,832	\$1,524,473	\$1,586,382

On January 25, 2000, LSI Logic announced a two-for-one stock split, which was declared by LSI Logic's board of directors as a 100% stock dividend payable to stockholders of record on February 4, 2000, as one new share of LSI Logic common stock for each share of LSI Logic common stock held on that date. The newly issued shares of LSI Logic common stock were distributed on February 16, 2000. In the table above, earnings per share amounts have been restated to give retroactive recognition to the two-for-one stock split.

During 2000, LSI Logic recorded amortization of non-cash deferred stock compensation of \$41 million as a result of the adoption of FASB interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation" which became effective July 1, 2000. LSI Logic's acquisitions of DataPath Systems, Inc. and Syntax Systems, Inc. closed on July 14, 2000 and November 29, 2000, respectively, after the adoption of the new interpretation. During 2000, LSI Logic recorded a \$77 million in-process research and development charge associated with the acquisitions of ParaVoice, DataPath, Intraservert and the purchases of divisions of NeoMagic and Cacheware.

On June 22, 1999, LSI Logic combined with SEEQ Technology, Inc., also known as "SEEQ," in a transaction accounted for as a pooling of interests. All financial information has been restated retroactively to reflect the combined operations of LSI Logic and SEEQ as if the combination had occurred at the beginning of the earliest period presented. Prior to the combination, SEEQ's

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fiscal year-end was the last Sunday in September of each year, whereas LSI Logic operates on a year ending December 31. SEEQ's financial information has been recast to conform to LSI Logic's year-end.

During 1999, LSI Logic expensed an unamortized preproduction balance of \$92 million, net of taxes, associated with the manufacturing facility in Gresham, Oregon and has presented it as a cumulative effect of a change in accounting principle in accordance with SOP No. 98-5, "Reporting on the Costs of Start-up Activities."

On August 6, 1998, LSI Logic completed the acquisition of all of the outstanding capital stock of Symbios. The transaction was accounted for as a purchase, and accordingly, the results of operations of Symbios and estimated fair value of assets acquired and liabilities assumed were included in LSI Logic's consolidated financial statements as of August 6, 1998, the effective date of the purchase, through the end of the period. During 1998, LSI Logic reported a charge for restructuring of \$75 million and in-process research and development costs of \$146 million related to the acquisition of Symbios on August 6, 1998.

On November 21, 1997, the Emerging Issues Task Force ("EITF") issued EITF 97-13, "Accounting for Costs Incurred in Connection with a Consulting Contract or an Internal Project that Combines Business Process Re-engineering and Information Technology Transformation." EITF 97-13 required that LSI Logic expense, in 1997, all costs previously capitalized in connection with business process re-engineering activities as defined by the statement. Accordingly, LSI Logic recorded a charge of \$1.4 million, net of related tax of \$0.6 million, during the fourth quarter of 1997.

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C-CUBE MICROSYSTEMS INC. SELECTED HISTORICAL FINANCIAL DATA

The following selected consolidated financial data for each of the five years in the period ended December 31, 2000 have been derived from C-Cube's audited consolidated financial statements. The selected consolidated financial data described below should be read in conjunction with "C-Cube's Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included elsewhere in this prospectus.

	YEARS ENDED DECEMBER 31,			
	2000	1999	1998	1997
	(IN THOUSANDS, EXCEPT PERCENTAGE AND PER SHARE)			
STATEMENT OF OPERATIONS DATA:				
Revenues.....	\$265,049	\$222,148	\$209,082	\$218,252
Costs and expenses:				
Cost of product revenues.....	119,581	88,235	85,751	91,368
Research and development:				
Research and development.....	59,553	54,260	52,823	46,668
Warrant issuance.....	12,632	--	--	--
Selling, general and administrative:				
Selling, general and administrative.....	47,516	37,238	36,312	37,186
Stock-based compensation and merger/spin-off related payroll taxes.....	20,827	--	--	--

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Total.....	260,109	179,733	174,886	175,222
Income from operations.....	4,940	42,415	34,196	43,030
Other income/(expense), net.....	7,863	9,229	2,488	(2,583)
Income before income taxes, minority interest and extraordinary item.....	12,803	51,644	36,684	40,447
Income tax expense.....	3,407	14,550	9,806	13,135
Income before minority interest and extraordinary item.....	9,396	37,094	26,878	27,312
Minority interest in net income/(loss) of subsidiary.....	72	442	(337)	(248)
Income before extraordinary item.....	9,324	36,652	27,215	27,560
Extraordinary gain on repurchase of convertible notes (net of tax).....	--	--	3,494	--
Income from continuing operations.....	9,324	36,652	30,709	27,560
Discontinued operations:				
Income/(loss) from discontinued operations of DiviCom (net of tax).....	(10,087)	20,626	15,580	16,779
Loss on disposal of DiviCom (net of tax).....	(6,190)	--	--	--
Net income/(loss).....	\$ (6,953)	\$ 57,278	\$ 46,289	\$ 44,339
Basic earnings/(loss) per share:(1)				
Income from continuing operations before extraordinary item.....	\$ 0.20	\$ 0.92	\$ 0.73	\$ 0.76
Extraordinary item (net of tax).....	--	--	0.09	--
Income from continuing operations.....	0.20	0.92	0.82	0.76
Income/(loss) from discontinued operations of DiviCom (net of tax).....	(0.22)	0.52	0.42	0.46
Loss on disposal of DiviCom (net of tax).....	(0.13)	--	--	--
Income/(loss) from discontinued operations.....	(0.35)	0.52	0.42	0.46
Net income/(loss) per share.....	\$ (0.15)	\$ 1.44	\$ 1.24	\$ 1.21

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	YEARS ENDED DECEMBER 31,			
	2000	1999	1998	1997
	(IN THOUSANDS, EXCEPT PERCENTAGE AND PER SHARE)			
Diluted earnings/(loss) per share:(1)				
Income from continuing operations before extraordinary item.....	\$ 0.17	\$ 0.84	\$ 0.72	\$ 0.75
Extraordinary item (net of tax).....	--	--	0.09	--
Income from continuing operations.....	0.17	0.84	0.81	0.75
Income/(loss) from discontinued operations of				

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DiviCom (net of tax).....	(0.19)	0.46	0.38	0.40
Loss on disposal of DiviCom (net of tax).....	(0.11)	--	--	--
	-----	-----	-----	-----
Income/(loss) from discontinued operations.....	(0.30)	0.46	0.38	0.40
	-----	-----	-----	-----
Net income/(loss) per share.....	\$ (0.13)	\$ 1.30	\$ 1.19	\$ 1.15
	=====	=====	=====	=====
Shares used in computation:(1)				
Basic.....	47,503	39,891	37,382	36,497
	=====	=====	=====	=====
Diluted.....	53,853	44,571	40,754	41,683
	=====	=====	=====	=====

	2000	1999	1998	1997
	-----	-----	-----	-----
	(IN THOUSANDS)			
BALANCE SHEET DATA:				
Cash and short-term investments.....	\$ 52,534	\$290,548	\$167,945	\$137,810
Working capital.....	30,911	283,780	162,845	167,269
Total assets.....	222,559	463,944	312,499	282,580
Short-term debt and current portion of long-term obligations.....	28,744	727	355	608
Long-term obligations, net of current portion.....	1,299	18,846	23,539	87,462
Stockholders' equity.....	136,696	398,982	243,272	175,462
	=====	=====	=====	=====

(1) See Note 1 of Notes to Consolidated Financial Statements for an explanation of the computation of net income/(loss) per share.

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SELECTED UNAUDITED PRO FORMA COMBINED CONDENSED
FINANCIAL DATA

The following tables show summarized historical and unaudited pro forma financial data giving effect to the acquisition of C-Cube by LSI Logic.

	YEAR ENDED DECEMBER 31, 2000

	(IN THOUSANDS, EXCEPT PER SHARE DATA)
PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS DATA:	
Total revenues.....	\$3,002,716
Income from continuing operations.....	\$ 119,618
Basic earnings per share from continuing operations.....	\$ 0.34
Diluted earnings per share from continuing operations.....	\$ 0.32

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AT DECEMBER 31, 2000

(IN THOUSANDS)

PRO FORMA COMBINED CONDENSED BALANCE SHEET DATA:

Cash, cash equivalents and short-term investments.....	\$1,185,776
Working capital.....	\$1,462,073
Total assets.....	\$5,066,795
Long-term debt, less current portion.....	\$1,067,973
Total stockholders' equity.....	\$3,267,438

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COMPARATIVE PER SHARE DATA

The following table reflects (a) the historical net income and book value per share of LSI Logic common stock and the historical income from continuing operations and book value per share of C-Cube common stock in comparison with the unaudited pro forma income from continuing operations and book value per share after giving effect to the proposed transaction, and (b) the equivalent historical income from continuing operations and book value per share attributable to 0.79 of a share of LSI Logic common stock which will be received for each share of C-Cube common stock validly tendered and not properly withdrawn in the exchange offer.

The historical book value per share is computed by dividing common stockholders' equity as of December 31, 2000 by the actual number of shares of common stock outstanding. The pro forma income per share from continuing operations is computed by dividing the pro forma income from continuing operations by the pro forma weighted average number of shares outstanding, assuming LSI Logic had merged with C-Cube at the beginning of the earliest period presented. The pro forma combined book value per share is computed by dividing total pro forma stockholders' equity by the pro forma number of shares of common stock outstanding at December 31, 2000, assuming the merger had occurred on that date. The C-Cube equivalent pro forma combined per share amounts are calculated by multiplying the LSI Logic pro forma combined per share amounts by the exchange ratio of 0.79.

The following information should be read in conjunction with (a) the separate historical financial statements and related notes of LSI Logic incorporated by reference in this prospectus, (b) the separate historical financial statements and related notes of C-Cube included in this prospectus, and (c) the unaudited pro forma combined condensed financial information and related notes of LSI Logic and the selected historical and selected unaudited pro forma financial data included elsewhere in this prospectus. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the assumed dates, nor is it necessarily indicative of the future operating results or financial position of the combined companies.

Neither LSI Logic nor C-Cube have paid any cash dividends during the periods presented.

YEAR ENDED
DECEMBER 31, 2000

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Historical LSI Logic:	
Basic net income per share.....	\$0.76
Diluted net income per share.....	\$0.70
Book value per share at the end of the period.....	\$7.77
Historical C-Cube:	
Basic income per share from continuing operations.....	\$0.20
Diluted income per share from continuing operations.....	\$0.17
Book value per share at the end of the period.....	\$2.75
Unaudited Pro Forma Combined -- LSI Logic:	
Pro forma basic income per LSI Logic share from continuing operations.....	\$0.34
Pro forma diluted income per LSI Logic share from continuing operations.....	\$0.32
Pro forma book value per LSI Logic share at December 31, 2000.....	\$9.05
Unaudited Equivalent Pro Forma Combined -- C-Cube:	
Pro forma basic income per C-Cube share from continuing operations.....	\$0.27
Pro forma diluted income per C-Cube share from continuing operations.....	\$0.25
Pro forma book value per C-Cube share at December 31, 2000.....	\$7.15

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RISK FACTORS

You should consider the following matters in deciding whether to tender your shares of C-Cube common stock in the exchange offer. You should consider these matters in connection with the other information that LSI Logic has included or incorporated by reference into this prospectus.

RISKS RELATED TO THE TRANSACTION

THE SHARES OF LSI LOGIC COMMON STOCK TO BE RECEIVED BY C-CUBE STOCKHOLDERS IN THE TRANSACTION WILL FLUCTUATE IN VALUE.

C-Cube stockholders will receive a fixed number of shares of LSI Logic common stock in the transaction, not a fixed value.

In the transaction, each share of C-Cube common stock will be converted into 0.79 of a share of LSI Logic common stock. As the exchange ratio is fixed, the number of shares that C-Cube stockholders will receive in the transaction will not change, even if the market price of LSI Logic common stock changes. There will be no adjustment to the exchange ratio or right to terminate the merger agreement, the exchange offer or the merger based solely on fluctuations in the price of LSI Logic common stock. In recent years, and particularly in recent months, the stock market in general, and the securities of technology companies in particular, have experienced extreme price and volume fluctuations. These market fluctuations may adversely affect the market price of LSI Logic common stock. The market price of LSI Logic common stock upon and after completion of the exchange offer or the merger could be lower than the market price on the date of the merger agreement or the current market price. You should obtain recent market quotations of LSI Logic common stock before you tender your shares.

On April 11, 2001, the most recent practicable date prior to the mailing of this prospectus for which stock price information was available, the last sale price of a share of LSI Logic common stock on The New York Stock Exchange was \$17.71. On the basis of this price, the hypothetical value of the consideration

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to be received for each share of C-Cube common stock in the exchange offer and in the merger would be \$13.99. The actual market value of the consideration to be received by you for each C-Cube share you surrender as of the closing of the exchange offer or the merger could be materially more or less than the value given in this example, depending on the market price of LSI Logic common stock at that time.

FAILURE TO RETAIN KEY EMPLOYEES COULD DIMINISH THE BENEFITS OF THE TRANSACTION.

The successful combination of LSI Logic and C-Cube will depend in part on the retention of key personnel. There can be no assurance that LSI Logic will be able to retain C-Cube's key management, technical, administrative, marketing, sales and customer support personnel, or that LSI Logic will realize the anticipated benefits of the transaction.

IF LSI LOGIC AND C-CUBE ARE NOT SUCCESSFUL IN INTEGRATING THEIR ORGANIZATIONS, THEY WILL NOT BE ABLE TO OPERATE EFFICIENTLY AFTER THE TRANSACTION.

Achieving the benefits of the transaction will depend in part on the successful integration of LSI Logic's and C-Cube's operations and personnel in a timely and efficient manner. Such integration will be a complex process and will require coordination of different development and engineering teams, sales and marketing personnel, information and software systems and service organizations. This will be difficult and unpredictable because of possible cultural conflicts and different opinions on how best to run these operations. If LSI Logic and C-Cube cannot successfully integrate their operations and personnel, they may not realize the expected benefits of the transaction.

In addition, after the merger, LSI Logic intends to develop new products and services that combine C-Cube's assets with LSI Logic's assets. This may result in longer sales cycles and product implementations, which may cause revenue and operating income to fluctuate and fail to meet expectations. To date, LSI Logic has not completed its investigation into the challenges -- technological, market-driven or otherwise -- to developing and marketing these new products and services in a timely and

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efficient way. There can be no assurance that LSI Logic and C-Cube will be able to overcome these challenges, or that a market for such new products and services will develop after the merger.

INTEGRATING THE COMPANIES MAY DIVERT MANAGEMENT'S ATTENTION AWAY FROM OPERATIONS AND MAY RESULT IN SUBSTANTIAL COSTS.

Successful integration of LSI Logic's and C-Cube's operations, products and personnel may place a significant burden on management and internal resources of the companies. The diversion of management attention and any difficulties encountered in the transition and integration process could harm the combined company's business, financial condition and operating results.

LSI Logic may incur significant costs to integrate the companies into a single business. LSI Logic expects to incur costs for integrating C-Cube's operations, products and personnel. These costs may be substantial and may include costs for:

- employee redeployment, relocation or severance;
- conversion of information systems;
- combining teams and processes in various functional areas; and

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- reorganization or closures of facilities.

THE RECEIPT OF SHARES OF LSI LOGIC COMMON STOCK COULD BE TAXABLE TO YOU, DEPENDING ON FACTS SURROUNDING THE TRANSACTION.

LSI Logic and C-Cube have structured the transaction to qualify as a tax-free reorganization for federal income tax purposes. As a condition to the completion of the exchange offer, LSI Logic and C-Cube are required to obtain opinions of Cooley Godward LLP and Wilson Sonsini Goodrich & Rosati, Professional Corporation, respectively, that, although there is limited authority, the transaction will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, also referred to as the "Code," if: (1) the transaction is completed under the current terms of the merger agreement; (2) the minimum tender condition for the exchange offer is satisfied; and (3) the merger is completed promptly after the exchange offer. However, the ability to satisfy these factual assumptions, and therefore the federal income tax consequences of the transaction, depends in part on facts that will not be available before the completion of the transaction. If these factual assumptions are not satisfied, a C-Cube stockholder's exchange of shares of C-Cube common stock for shares of LSI Logic common stock in the exchange offer or the merger could be a taxable transaction.

PARTNERS OR CUSTOMERS MAY REACT UNFAVORABLY TO THE PROPOSED TRANSACTION.

Both LSI Logic and C-Cube partner with numerous other technology companies, including software and services firms, to deliver LSI Logic and C-Cube products to customers. Some of these partners may feel that the combined company poses new competitive threats to their businesses and as a result their relationships with LSI Logic or C-Cube may change in a manner adverse to LSI Logic or C-Cube. In addition, some of LSI Logic's customers or some of C-Cube's customers may view the combined company as a competitor and, therefore, cancel orders with LSI Logic or C-Cube.

C-CUBE'S OFFICERS AND DIRECTORS HAVE POTENTIAL CONFLICTS OF INTEREST IN THE TRANSACTION.

C-Cube stockholders should be aware of potential conflicts of interest and the benefits available to C-Cube officers and directors when considering C-Cube's board of directors' recommendation to accept the exchange offer and approve the merger. Certain C-Cube officers and directors have stock options, retention agreements and/or indemnification rights that provide them with interests in the transaction that are different from, or in addition to, interests of C-Cube stockholders. See the section entitled "The Transaction -- Interests of C-Cube's Officers and Directors in the Transaction" on page 42.

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RISKS RELATED TO LSI LOGIC'S BUSINESS

LSI LOGIC'S PRODUCT AND DEVELOPMENT ACTIVITIES OCCUR IN A HIGHLY COMPETITIVE ENVIRONMENT.

The semiconductor and SAN systems segments in which LSI Logic conducts business are characterized by rapid technological change, short product cycles and evolving industry standards. LSI Logic believes that its future success depends, in part, on its ability to improve on existing technologies and to develop and implement new ones in order to continue to reduce semiconductor chip size and improve product performance and manufacturing yields. LSI Logic must

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also be able to adopt and implement emerging industry standards and to adapt products and processes to technological changes. If LSI Logic is not able to implement new process technologies successfully or to achieve volume production of new products at acceptable yields, its operating results and financial condition will be adversely impacted.

In addition, LSI Logic must continue to develop and introduce new products that compete effectively based on price and performance and that satisfy customer requirements. LSI Logic continues to emphasize engineering development and acquisition of CoreWare building blocks and integration of its CoreWare libraries into its design capabilities. LSI Logic's cores and standard products are intended to be based upon industry standard functions, interfaces and protocols so that they are useful in a wide variety of systems applications. Development of new products and cores often requires long-term forecasting of market trends, development and implementation of new or changing technologies and a substantial capital commitment. LSI Logic cannot assure you that cores or standard products that it selects for investment of its financial and engineering resources will be developed or acquired in a timely manner or will enjoy market acceptance.

LSI LOGIC OPERATES HIGHLY COMPLEX AND COSTLY MANUFACTURING FACILITIES.

The manufacture and introduction of LSI Logic's products is a complicated process. LSI Logic confronts challenges in the manufacturing process that require LSI Logic to:

- maintain a competitive manufacturing cost structure;
- implement the latest process technologies required to manufacture new products;
- exercise stringent quality control measures to ensure high yields;
- effectively manage the subcontractors engaged in the test and assembly of products; and
- update equipment and facilities as required for leading edge production capabilities.

LSI Logic does not control the timing or size of orders for its products. LSI Logic generally does not have long-term volume production contracts with its customers.

There is a risk that LSI Logic will be unable to meet sudden increases in demand beyond its current manufacturing capacity, which may result in additional capital expenditures and production costs. Meanwhile, order volumes below anticipated levels may result in the under-utilization of LSI Logic's manufacturing facilities, resulting in higher per unit costs, which could adversely affect its operating results and financial condition.

LSI LOGIC'S MANUFACTURING FACILITIES ARE SUBJECT TO DISRUPTION FOR REASONS BEYOND LSI LOGIC'S CONTROL.

LSI Logic's newest wafer fabrication site in Gresham, Oregon is a highly complex, state-of-the-art facility. Anticipated production rates depend upon the reliable operation and effective integration of a variety of hardware and software components. There is no assurance that all of these components will be fully functional or successfully integrated on time or that the facility will achieve the forecasted yield targets. The capital expenditures required to bring the facility to full operating capacity may be greater than LSI Logic anticipates and result in lower margins.

Operations at any of LSI Logic's primary manufacturing facilities, or at any of its test and assembly subcontractors, may be disrupted for reasons beyond its control, including work stoppages, fire, earthquake, floods or other natural disasters. In addition, California is currently experiencing a power shortage, which may spread to other areas of the country, such as Oregon, where LSI Logic's newest wafer fabrication facility is located. Such an unexpected disruption could cause delays in shipments of products to LSI Logic's customers and alternate sources for production may be unavailable on acceptable terms. This could result in the cancellation of orders or loss of customers.

LSI LOGIC HAS SIGNIFICANT CAPITAL REQUIREMENTS TO MAINTAIN AND GROW ITS BUSINESS.

In order to remain competitive, LSI Logic must continue to make significant investments in new facilities and capital equipment. During 2001, LSI Logic anticipates that it will spend approximately \$500 million on capital assets and that it will be required to spend potentially larger amounts thereafter. LSI Logic may seek additional equity or debt financing from time to time and cannot be certain that additional financing will be available on favorable terms. Moreover, any future equity or convertible debt financing will decrease the percentage of equity ownership of existing stockholders and may result in dilution, depending on the price at which the equity is sold or the debt is converted. In addition, the high level of capital expenditures required to remain competitive results in relatively high fixed costs. If demand for LSI Logic's products does not absorb additional capacity, the fixed costs and operating expenses related to increases in its production capacity could have a material adverse impact on its operating results and financial condition. As of December 31, 2000, LSI Logic had convertible notes outstanding of approximately \$845 million.

LSI LOGIC IS EXPOSED TO FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES.

LSI Logic has international subsidiaries and distributors that operate and sell its products globally. Further, LSI Logic purchases a substantial portion of its raw materials and manufacturing equipment from foreign suppliers, and incurs labor and other operating costs in foreign currencies, particularly in its Japanese manufacturing facilities. As a result, LSI Logic is exposed to the risk of changes in foreign currency exchange rates or declining economic conditions in these countries.

LSI LOGIC DOES BUSINESS IN EUROPE AND FACES RISKS ASSOCIATED WITH THE EURODOLLAR.

A new European currency was implemented in January 1999 to replace the separate currencies of eleven western European countries. This has required changes in LSI Logic's operations as it modified systems and commercial arrangements to deal with the new currency. Although a three-year transition period is expected during which transactions may also be made in the old currencies, this is requiring dual currency processes for LSI Logic's operations. LSI Logic has identified issues involved and will continue to address them. There can be no assurances that all problems will be foreseen and controlled without any adverse impact on its operating results and financial condition.

LSI LOGIC PROCURES PARTS AND RAW MATERIALS FROM LIMITED DOMESTIC AND FOREIGN SOURCES.

LSI Logic uses a wide range of parts and raw materials in the production of its semiconductors, host adapter boards and storage systems, including silicon

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wafers, processing chemicals and electronic and mechanical components. LSI Logic does not generally have guaranteed supply arrangements with its suppliers and does not maintain an extensive inventory of parts and materials for manufacturing. LSI Logic purchases some of these parts and materials from a limited number of vendors and some from a single supplier. On occasion, LSI Logic has experienced difficulty in securing an adequate volume and quality of parts and materials. There is no assurance that, if LSI Logic has difficulty in obtaining parts or materials in the future, alternative suppliers will be available, or that these suppliers will provide parts and materials in a timely manner or on favorable terms. As a result, LSI Logic may be adversely affected by delays in new and current product shipments. If LSI Logic cannot obtain adequate materials for manufacture of its products, there could be a material adverse impact on its operating results and financial condition.

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LSI LOGIC OPERATES IN HIGHLY COMPETITIVE MARKETS.

LSI Logic competes in markets that are intensely competitive, and which exhibit both rapid technological change and continual price erosion. LSI Logic's competitors include many large domestic and foreign companies that have substantially greater financial, technical and management resources than LSI Logic does. Several major diversified electronics companies offer ASIC products and/or other standard products that are competitive with LSI Logic's product lines. Other competitors are specialized, rapidly growing companies that sell products into the same markets that LSI Logic targets. Some of LSI Logic's large customers may develop internal design and production capabilities to manufacture their own products, thereby displacing LSI Logic's products. There is no assurance that the price and performance of LSI Logic's products will be superior relative to the products of its competitors. As a result, LSI Logic may experience a loss of competitive position that could result in lower prices, fewer customer orders, reduced revenues, reduced gross profit margins and loss of market share. To remain competitive, LSI Logic continually evaluates its worldwide operations, looking for additional cost savings and technological improvements.

LSI Logic's future competitive performance depends on a number of factors, including its ability to:

- properly identify target markets;
- accurately identify emerging technological trends and demand for product features and performance characteristics;
- develop and maintain competitive products;
- enhance its products by adding innovative features that differentiate its products from those of its competitors;
- bring products to market on a timely basis at competitive prices;
- respond effectively to new technological changes or new product announcements by others;
- adapt products and processes to technological changes; and
- adopt and/or set emerging industry standards.

LSI Logic may not meet its design, development and introduction schedules for new products or enhancements to its existing and future products. In addition, LSI Logic's products may not achieve market acceptance or sell at favorable prices.

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LSI LOGIC CONCENTRATES ITS SALES EFFORTS ON A LIMITED NUMBER OF CUSTOMERS.

LSI Logic is increasingly dependent on a limited number of customers for a substantial portion of revenues as a result of its strategy to focus its marketing and selling efforts on select, large-volume customers. One customer represented 12% of LSI Logic's total consolidated revenues for the year ended December 31, 2000. While no customer represented 10% or more of the total revenue in the semiconductor segment for the year ended December 31, 2000, in the SAN systems segment, there were three customers with revenues representing 31%, 17% and 13% of total SAN systems revenues.

LSI Logic's operating results and financial condition could be affected if:

- LSI Logic does not win new product designs from major customers;
- major customers reduce or cancel their existing business with LSI Logic;
- major customers make significant changes in scheduled deliveries; or
- there are declines in the prices of products that LSI Logic sells to these customers.

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LSI LOGIC UTILIZES INDIRECT CHANNELS OF DISTRIBUTION OVER WHICH IT EXERCISES LIMITED CONTROL.

LSI Logic derives a material percentage of product revenues from independent reseller and distributor channels. LSI Logic's financial results could be adversely affected if its relationship with these resellers or distributors were to deteriorate or if the financial condition of these resellers or distributors were to decline. In addition, as LSI Logic's business grows, it may have an increased reliance on indirect channels of distribution. There can be no assurance that LSI Logic will be successful in maintaining or expanding these indirect channels of distribution. This could result in the loss of certain sales opportunities.

Furthermore, the partial reliance on indirect channels of distribution may reduce LSI Logic's visibility with respect to future business, thereby making it more difficult to accurately forecast orders.

LSI LOGIC'S OPERATIONS ARE AFFECTED BY CYCLICAL FLUCTUATIONS.

The semiconductor and SAN systems segments in which LSI Logic competes are subject to cyclical fluctuations in demand. As a result, LSI Logic may experience periodic declines in sales or the prices of its products as a result of the following:

- rapid technological change, product obsolescence and price erosion in its products;
- maturing product cycles in its products or products sold by its customers;
- increases in worldwide manufacturing capacity for semiconductors, resulting in declining prices; and
- changes in general economic conditions, which may cause declines in its product markets or the markets of its suppliers and customers.

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The semiconductor industry has in the past experienced periods of rapid expansion of production capacity. Even when the demand for LSI Logic's products remains constant, the availability of additional excess production capacity in the industry creates competitive pressure that can degrade pricing levels, which can reduce revenues.

Furthermore, customers who benefit from shorter lead times may defer some purchases to future periods, which could affect LSI Logic's demand and revenues for the short term. As a result, LSI Logic may experience downturns or fluctuations in demand in the future and experience adverse effects on its operating results and financial condition.

LSI LOGIC ENGAGES IN ACQUISITIONS AND ALLIANCES GIVING RISE TO ECONOMIC AND TECHNOLOGICAL RISKS.

LSI Logic intends to continue to make investments in companies, products and technologies, either through acquisitions or investment alliances.

Acquisitions and investment activities often involve risks, including the need to:

- acquire timely access to needed capital for investments related to acquisitions and alliances;
- conduct acquisitions that are timely relative to existing business opportunities;
- successfully prevail over competing bidders for target acquisitions at an acceptable price;
- invest in companies and technologies that contribute to the growth of LSI Logic's business;
- retain the key employees of the acquired operation;
- incorporate acquired operations into LSI Logic's business and maintain uniform standards, controls and procedures; and
- develop the capabilities necessary to exploit newly acquired technologies.

Some of these factors are beyond LSI Logic's control. Failure to manage growth effectively and to integrate acquisitions could adversely affect LSI Logic's operating results and financial condition.

THERE IS UNCERTAINTY ASSOCIATED WITH LSI LOGIC'S RESEARCH AND DEVELOPMENT INVESTMENTS.

LSI Logic's research and development activities are intended to maintain and enhance its competitive position by utilizing the latest advances in the design and manufacture of semiconductors and storage systems including networking, communications and storage technologies. Technical innovations are inherently complex and require long development cycles and the commitment of extensive engineering resources. LSI Logic must incur substantial research and development costs to confirm the technical feasibility and commercial viability of a product that in the end may not be successful. If LSI Logic is not able to successfully and timely complete its research and development programs, it may face competitive disadvantages. There is no assurance that LSI Logic will recover the development costs associated with the programs or that it will be

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able to secure the financial resources necessary to fund future research and development efforts.

THE PRICE OF LSI LOGIC'S SECURITIES MAY BE AFFECTED BY A WIDE RANGE OF FACTORS.

Some of the factors that may cause volatility in the price of LSI Logic's securities include:

- quarterly variations in financial results;
- business and product market cycles;
- fluctuations in customer requirements;
- the availability and utilization of manufacturing capacity;
- the timing of new product introductions; and
- the ability to develop and implement new technologies.

The price of LSI Logic's securities may also be affected by the estimates and projections of the investment community, general economic and market conditions and the cost of operations in one or more of LSI Logic's product markets. While LSI Logic cannot predict the individual effect that these factors may have on the price of its securities, these factors, either individually or in the aggregate, could result in significant variations in price during any given period of time.

LSI LOGIC'S GLOBAL OPERATIONS EXPOSE THE COMPANY TO NUMEROUS INTERNATIONAL BUSINESS RISKS.

LSI Logic has substantial business activities in Asia and Europe. Both manufacturing and sales of LSI Logic's products may be adversely impacted by changes in political and economic conditions abroad. A change in the current tax laws, tariff structures, export laws, regulatory requirements or trade policies in either the United States or foreign countries could adversely impact LSI Logic's ability to manufacture or sell its products in foreign markets. Moreover, a significant decrease in sales by LSI Logic's customers to end users in either Asia or Europe could result in a decline in orders.

LSI Logic subcontracts test and assembly functions to independent companies located in Asia. A reduction in the number or capacity of qualified subcontractors or a substantial increase in pricing could cause longer lead times, delays in the delivery of products to customers, or increased costs.

THE HIGH TECHNOLOGY INDUSTRY IN WHICH LSI LOGIC OPERATES IS PRONE TO INTELLECTUAL PROPERTY LITIGATION.

LSI Logic's success is dependent in part on its technology and other proprietary rights, and LSI Logic believes that there is value in the protection afforded by its patents, patent applications and trademarks. However, the industry is characterized by rapidly changing technology and LSI Logic's future success depends primarily on the technical competence and creative skills of its personnel, rather than on patent and trademark protection.

As is typical in the high technology industry, from time to time LSI Logic has received communications from other parties asserting that certain of its products, processes, technologies or information infringe upon their patent rights, copyrights, trademark rights or other intellectual property

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rights. LSI Logic regularly evaluates these assertions. In light of industry practice, LSI Logic believes with respect to existing or future claims that any licenses or other rights that may be necessary can generally be obtained on commercially reasonable terms. Nevertheless, there is no assurance that licenses will be obtained on acceptable terms or that a claim will not result in litigation or other administrative proceedings.

In February of 1999, a lawsuit alleging patent infringement was filed in the United States District Court for the District of Arizona by the Lemelson Medical, Education & Research Foundation, Limited Partnership against 88 electronics industry companies, including LSI Logic. The case number is CIV990377PHXRGS. The patents involved in this lawsuit are alleged to relate to semiconductor manufacturing and computer imaging, including the use of bar coding for automatic identification of articles. In September 1999, LSI Logic filed an answer denying infringement, raising affirmative defenses and asserting a counterclaim for declaratory judgment of non-infringement, invalidity and unenforceability of Lemelson's patents. As of December 31, 2000, discovery had commenced but no trial date had been set. While LSI Logic cannot make any assurance regarding the eventual resolution of the matter, it does not believe that the matter will have a material adverse effect on its consolidated results of operations or financial condition.

LSI LOGIC MUST ATTRACT AND RETAIN KEY EMPLOYEES IN A HIGHLY COMPETITIVE ENVIRONMENT.

LSI Logic's employees are vital to its success, and its key management, engineering and other employees are difficult to replace. LSI Logic does not generally have employment contracts with its key employees. Further, LSI Logic does not maintain key person life insurance on any of its employees. The expansion of high technology companies in Silicon Valley, Colorado, Oregon and elsewhere where LSI Logic operates its business has increased demand and competition for qualified personnel. LSI Logic's continued growth and future operating results will depend upon its ability to attract, hire and retain significant numbers of qualified employees.

RISKS RELATED TO C-CUBE'S BUSINESS

C-Cube is subject to risks similar to those described above under the following subheadings:

- LSI Logic operates in highly competitive markets;
- LSI Logic engages in acquisition and alliances giving rise to economic and technological risks;
- The price of LSI Logic's securities may be affected by a wide range of factors;
- LSI Logic's global operations expose the company to numerous international business risks;
- The high technology industry in which LSI Logic operates is prone to intellectual property litigation; and
- LSI Logic must attract and retain key employees in a highly competitive environment.

In addition, C-Cube is subject to a number of additional risks, including those described below. Some of the additional risks are also similar to risks described above relating to LSI Logic.

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C-CUBE OPERATED PRIMARILY AS A SEMICONDUCTOR BUSINESS UNTIL 1996, WHEN IT ACQUIRED THE DIVICOM BUSINESS. C-CUBE MAY INCUR LOSSES AS A RESULT OF OPERATING SOLELY AS A SEMICONDUCTOR BUSINESS IN THE FUTURE.

Since acquiring the DiviCom business in 1996 and prior to the merger/spin-off in May 2000, C-Cube's operations consisted of the semiconductor business and the DiviCom systems business. Before acquiring DiviCom, the systems business did not represent a significant portion of C-Cube's overall business. C-Cube alone cannot be sure that its operating results will not be adversely affected by the loss of one or more of the following attributes. The DiviCom acquisition allowed C-Cube, among other things:

- the ability to leverage the DiviCom business's expertise in areas related to C-Cube's core competency in digital video compression;

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- to increase sales of C-Cube's products for set-top boxes and increase understanding of customer systems requirements;
- the opportunity to jointly develop various communications products;
- the ability to combine the expertise of the two businesses to serve the digital video networking market;
- the ability to more effectively enable and cost reduce end-to-end video networking solutions;
- the added benefit of a larger market capitalization due to the combination of an expanded systems business with a semiconductor business; and
- the added diversification of serving the digital video, semiconductor and communications systems markets.

It is possible that since C-Cube will not be able to provide a complete broadcast/set-top solution as C-Cube was able to do with the additional DiviCom products, customers will seek to find a complete solution elsewhere. Any loss of the benefits provided by the combination with the DiviCom business could seriously harm C-Cube's operating results, which would negatively affect the value of your investment.

C-CUBE'S OPERATING RESULTS HAVE VARIED SIGNIFICANTLY IN THE PAST AND ARE LIKELY TO VARY SIGNIFICANTLY IN THE FUTURE, AND ITS STOCK PRICE MAY DECLINE IF C-CUBE FAILS TO MEET THE EXPECTATIONS OF ANALYSTS AND INVESTORS.

C-Cube's quarterly and annual operating results have been and will likely continue to be affected by a wide variety of factors that could have a negative effect on revenue and profitability. Factors that have negatively affected C-Cube's operating results in the past include:

- availability, cost and manufacturing yield of raw materials, chip manufacturing capacity, assembly capacity, packages and test capacity from C-Cube's vendors;
- competitive products and pressures on average selling prices on products supplied by C-Cube;
- loss of strategic relationships in C-Cube's markets;
- delay in the emergence of new markets in which C-Cube's products are used;

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- the level of expenditures for research and development, sales, administration and marketing needed to be successful in C-Cube's markets; and
- the level of orders which are received and can be shipped in any given quarter.

In the future, C-Cube's operating results could again be affected by one or more of these factors or a wide variety of other factors that have not had an adverse effect on C-Cube in the past.

Further, a significant portion of C-Cube's expenses are fixed and the timing of increases in expenses is based in large part on its forecast of future revenue. As a result, if revenue does not meet C-Cube's expectations, it may be unable to quickly adjust expenses to levels appropriate to actual revenue. Any of the above factors could have an adverse effect on C-Cube's operating results.

IF SYSTEMS MANUFACTURERS DO NOT ACCEPT C-CUBE'S PRODUCTS OR IF NEW MARKETS FOR ITS PRODUCTS DO NOT EMERGE, C-CUBE'S PRODUCTS COULD BECOME OBSOLETE AND UNMARKETABLE OR REQUIRE C-CUBE TO REDESIGN ITS PRODUCTS, WHICH COULD BE COSTLY AND TIME-CONSUMING.

To date, C-Cube has derived substantially all of its product revenue from:

- sales of products for video playback and karaoke;
- video cards for computers and direct broadcast satellite applications;
- sales of products for development;

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- trials and early deployment of broadcast; and
- other applications that are not yet commercially available or are not yet in volume production.

If C-Cube is unable to generate increased revenue from new opportunities for digital video compression in the consumer electronics, computer and communications markets or if systems manufacturers do not accept its products, its results of operation would be harmed. Some of the potential new markets for the compression of digital video into a more compact form, which provides significant storage and transmission efficiencies, would require extensive communications infrastructures that are not yet in place and that would likely be expensive and heavily regulated by governmental entities. These new markets may never materialize or they might not materialize for some time.

IF CHIP SUPPLIERS AND SUBCONTRACTORS ON WHICH C-CUBE DEPENDS DO NOT PERFORM, C-CUBE WILL NOT BE ABLE TO FILL ORDERS FOR ITS PRODUCTS.

All of C-Cube's products are currently manufactured to its specifications by independent chip manufacturers called foundries, and C-Cube subcontracts to third parties assembly, testing and packaging. If these chip suppliers on which C-Cube depends are unable to provide it with the chips it needs to fill orders for its products, its results of operations could suffer. Although C-Cube primarily uses three foundries to manufacture its products, the majority of its products are produced by only one of the foundries, and it is therefore dependent on a single foundry for many of its products. This dependence on single foundries subjects C-Cube to risks associated with an interruption in supply from any such foundry.

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Furthermore, C-Cube obtains semiconductor chip manufacturing capacity through forecasts that are generated many months in advance of expected delivery dates and are binding. C-Cube's ability to obtain the capacity necessary to meet the future demand for its products is based on its ability to accurately forecast such future demand. If C-Cube fails to accurately forecast future demand, it may be unable to timely obtain an adequate supply of chips necessary to manufacture the number of products required to satisfy the actual demand.

C-CUBE DERIVES MUCH OF ITS PRODUCT REVENUE FROM SALES TO EMERGING GLOBAL MARKETS. WITHOUT THE DIVICOM BUSINESS DIVERSIFICATION, C-CUBE'S BUSINESS MIGHT BE MORE SUSCEPTIBLE TO FLUCTUATIONS IN EMERGING MARKET ECONOMIES.

To date, C-Cube has derived a substantial portion of its revenue from sales of its video compact disc products in China. Without DiviCom's growth in sales to Europe and the United States, C-Cube's sales growth is less geographically diversified which may limit its ability to offset the effect of downturns in emerging global markets on its results of operations which might have a negative effect on C-Cube's results of operations. C-Cube expects that revenue from video compact disc products will decrease as a percentage of total revenue, but continue to account for a significant portion of its product revenue in 2001.

SEASONAL TRENDS MAY CAUSE C-CUBE'S QUARTERLY OPERATING RESULTS TO FLUCTUATE, WHICH MAY ADVERSELY AFFECT THE MARKET PRICE OF C-CUBE COMMON STOCK.

A significant portion of C-Cube's sales revenue comes from the consumer and communications markets, both of which are characterized by seasonal sales. Both markets tend to experience higher sales in the third and fourth calendar quarters due to holiday purchases by system manufacturers and relatively less strong sales in the first and second calendar quarters. Though seasonality affects C-Cube less and less due to diversified product lines, seasonal trends may still cause C-Cube's operating results to fluctuate which may have an adverse effect on its stock price.

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IF C-CUBE IS UNABLE TO ADEQUATELY PROTECT ITS INTELLECTUAL PROPERTY, THIRD PARTIES COULD USE C-CUBE'S INTELLECTUAL PROPERTY WITHOUT ITS CONSENT.

C-Cube's products are primarily based on technology that was developed internally which C-Cube protects through a combination of patents, copyrights and trade secret law, confidentiality procedures and licensing arrangements. C-Cube's operating results depend, in part, on C-Cube's ability to protect its technology. Unauthorized parties may attempt to obtain and use C-Cube's proprietary information which might negatively affect the value of its stock. Policing unauthorized use of C-Cube's proprietary information is difficult, and C-Cube does not know whether the steps it has taken will prevent misappropriation, particularly in foreign countries where the laws may not protect its proprietary rights as fully as in the United States.

C-CUBE'S HISTORICAL FINANCIAL INFORMATION MAY NOT BE REPRESENTATIVE OF ITS RESULTS AS A SEPARATE COMPANY.

C-Cube's historical financial information shown in its audited financial statements does not necessarily reflect what its financial position, results of operations and cash flows would have been had C-Cube been a separate, stand-alone entity during the periods presented. In addition, the historical information is not necessarily indicative of what C-Cube's results of operations, financial position and cash flows will be in the future. C-Cube has not made adjustments to reflect many significant changes that will occur in its cost structure, funding and operations as a result of its separation from C-Cube

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Microsystems, including changes in C-Cube's employee base, changes in its legal structure, increased costs associated with reduced economies of scale, increased marketing expenses related to establishing a new brand identity and increased costs associated with being a public, stand-alone company.

C-CUBE RELIES ON A CONTINUOUS POWER SUPPLY TO CONDUCT ITS OPERATIONS, AND CALIFORNIA'S CURRENT ENERGY CRISIS COULD DISRUPT ITS OPERATIONS AND INCREASE ITS EXPENSES.

California is in the midst of an energy crisis that could disrupt C-Cube's operations and increase its expenses. In the event of an acute power shortage, that is, when power reserves for the State of California fall below 1.5%, California has o