

MERGENT INDUSTRIAL

NEW LISTING

June 23, 2009

This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTCUNLISTED MANUALS and will be included in the bound 2009 July Monthly News Reports and is published on our Website.

VITESSE SEMICONDUCTOR CORP.

Company Website: www.vitesse.com

History: Incorporated in Delaware on Feb. 3, 1987.

On Jan. 21, 1999, Co. issued 655,256 shares of its common stock in exchange for all of the outstanding shares of Serano, a provider of enclosure platform management solutions for Fibre Channel and SCSI server and storage subsystems. This acquisition was accounted for as a pooling-of-interests transaction.

On July 16, 1999, Co. issued 1,892,300 shares of its common stock in exchange for all of the outstanding shares of XaQti, a provider of integrated circuits for the data communication industry. This acquisition was accounted for as a pooling-of-interests transaction.

In fiscal 1999, Co. acquired all of the equity interests of VTEK for \$13.0 million cash and approximately \$2.7 million in notes payable.

On Mar. 31, 2000, Co. acquired all the equity interests of Orologic Inc. for \$450 million in common stock.

In May 2000, Co. acquired SiTera for approximately 14.7 million shares of its common stock.

On Oct. 3, 2000, Co. acquired all of the equity interests of FirstPass, Inc. in exchange for 70,800 shares of common stock valued at \$6.1 million, the assumption of stock options to purchase 378,028 shares of common stock valued at \$4.9 million, net of deferred compensation of \$16.6 million, and cash consideration of \$0.8 million. The transaction was accounted for as a purchase.

On Feb. 13, 2001, Co. acquired all of the equity interests of ht-Mikroelektronik GmbH in exchange for cash consideration of \$10.0 million and the assumption of stock options to purchase 56,981 shares of common stock valued at \$0.3 million, net of deferred compensation of \$2.4 million. The transaction was accounted for as a purchase.

In June 2001, Co. acquired all of the equity interests of Exhibit Technology A/S ("Exhibit") in exchange for 2.7 million shares of common stock valued at \$70.1 million, the assumption of stock options to purchase 80,000 shares of common stock valued at \$1.5 million, less deferred compensation of \$1.3 million, and a nominal cash consideration.

On July 12, 2001, Co. acquired all of the equity interests of Versatile Optical Networks, Inc. ("Versatile") in exchange for approximately 8.8 million shares of common stock valued at \$148.8 million and the assumption of stock options to purchase approximately 1.1 million shares of common stock valued at \$18.3 million, less deferred compensation of \$14.6 million.

On Jan. 31, 2003, Co. acquired all of the equity interests of APT Technologies, Inc. in exchange for an aggregate of approximately \$10.0 to \$14.4 million in cash and stock and the assumption of stock options. Of the total purchase price, approximately \$2.4 million was paid in cash and stock at closing, and the remaining \$7.6 to \$12.0 million of consideration will be paid in cash and/or stock between now and 2007, and will be determined in part based on the future results of the acquired business.

In Aug. 2003, Co. acquired all of the outstanding equity interests of Multilink in exchange for approx. 4,400,000 shares of common stock valued at \$23,300,000, the assumption of stock options, and warrants to purchase approx. 2,000,000 shares of common stock valued at \$8,400,000, and acquisition related expenditures of \$500,000.

On Feb. 3, 2004, Co. acquired all of the equity interests of Cicada for \$65.5 million in cash, \$0.3 million of which was refunded to us in Aug. 2005 pursuant to the Cicada stockholders' to indemnify Co. for certain losses.

On Oct. 29, 2007, Co. sold certain assets, including intellectual property, contracts, inventory and equipment relating to the Enclosure Management, Serial Attached SCSI (SAS), Serial Attached ATA (SATA) expander and Baseboard Management products developed and sold by Co.'s storage products division (the "Transferred Assets") to Maxim Integrated Products, Inc. for a consideration of approximately \$63,000,000, in cash and the assumption of certain liabilities primarily related to the Transferred Assets.

Business: Vitesse Semiconductor is a supplier of integrated circuits that are utilized primarily by manufacturers of networking systems for Carrier, Enterprise, and Storage communications applications. Co. designs, develops, and markets a diverse portfolio of semiconductor products including: Ethernet Transceivers, Switches and Media Access Controllers; Transport Processing functions, which include framers, mappers, network processors, and switches; and Physical Media Devices, Physical Layer Devices, and Signal Integrity Devices. Co. also leverages its intellectual property ("IP") portfolio into licensing opportunities with third parties.

Property: Co. maintains its principal executive offices and research and development facilities in leased facilities of approximately 111,000 sq. ft. in Camarillo, CA.

Co. also leases space in 18 additional locations that include domestic and international offices in CA, Denmark, Germany, India, MA, OR, and TX. Co.'s sales and field support offices are located in the United States, Canada, Europe, China, Japan, Germany, and Taiwan. As of Sept. 30, 2008, Co. owned space of approximately 107,000 sq. ft. and leased space of approximately 271,000 sq. ft.

Subsidiaries

Multilink Technology Corporation Israel Ltd. (Israel)
Multilink Technology GmbH (Germany)
Vitesse International Holdings, SRL (Barbados)
Vitesse International, Inc. (Barbados)
Vitesse Manufacturing & Development Corporation
Vitesse Semiconductor Canada Corporation (Canada)
Vitesse Semiconductor Corporation A/S (Denmark)
Vitesse Semiconductor GmbH & Co. KG (Germany)
Vitesse Semiconductor Japan Corporation (Japan)
Vitesse Semiconductor S.r.l. (Italy)
Vitesse Semiconductor Sales Corporation
Vitesse Semiconductor (India) PVT Ltd (India)
Vitesse Semiconductor (India) Betteilg & Verw.GmbH (Germany)

Officers

Edward Rogas, Jr., Chairman
Christopher R. Gardner, President; Chief Executive Officer
Michael B. Green, Vice President; General Counsel; Secretary
Martin C. Nuss, Ph.D., Vice President - Technology & Strategy
Richard C. Yonker, Chief Financial Officer

Directors

Edward Rogas, Jr.
Vincent Chan, Ph.D.
Steven P. Hanson
Guy W. Adams
Christopher R. Gardner
Willow B. Shire

Auditors: BDO Seidman, LLP

Counsel: Davis Polk & Wardwell

Shareholder Relations: Ronda Groch, V.P., Communications & Human Resources Tel.: 805-388-7476

Annual Meeting: In January

No. of Stockholders: Sep. 30, 2008, 1,498

No. of Employees: Jun. 5, 2009, 475

Address: 741 Calle Plano, Camarillo, CA 93012 Tel.: 805 384-5051 Fax: 805 388-7565 E-mail: jsheehan@vitesse.com Web: www.vitesse.com

Consolidated Income Account, years ended Sept. 30 (\$000):

	2008	2007 (revised)	2006 (revised)
Prod revs	218,536	221,948	203,289
Licensing revs	10,000		
Revs	228,536	221,948	203,289
Cost of revs	106,344	113,754	112,740
Engineering, research & devel	49,982	47,199	66,372
Selling, gen & admin exps	50,557	42,459	48,601
Acctg remediation & reconstruction expen	10,761	13,558	16,631
Amort of intang assets	2,514	6,777	9,039
Income (loss) fr ops	8,378	(1,799)	(50,094)
Int income (exp), net	(3,868)	(2,580)	(2,380)
Gain (loss) on exting of debt		(1,977)	
Other income (expense)	4,882	1,755	1,251
Tot other income (exp), net	1,014	(2,802)	(1,129)
Curr fed inc taxes (benefit)	849		
Curr state inc taxes (benefit)	239		
Curr fgn inc taxes (benefit)	134	224	780
Tot curr inc taxes (benefit)	1,222	224	780
Inc tax expense (benefit)	1,222	224	780
Minor int in earn of consol	660		
Income (loss) fr contin ops befo	7,510	(4,825)	(52,003)
Income (loss) fr discount ops of	9,044	(16,822)	(15,282)
Net income (loss)	16,554	(21,647)	(67,285)
Common shares (000):			
Weigh avg shares outstg-basic	223,614	223,556	222,137
Weigh avg shares outstg-diluted	223,614	223,556	222,137
Yr end shares outstg	226,206	223,556	223,556
Income (loss) per sh fr contin opera	\$0.03	\$(0.02)	\$(0.23)

MERGENT MANUALS (ISSN 0895-3252) is published weekly on Tuesday by Mergent 60 Madison Ave., New York, NY 10010. Subscription rate \$647.50 per annum for the News Report portion of the Mergent Manuals service in the United States and Canada (Not to be sold separately from the Manual). Copyright © 2008 by Mergent. All Information contained herein is copyrighted in the name of Mergent and none of such information may be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or matter or by any means whatsoever, by any person without prior written consent.

All information contained herein is obtained by MERGENT, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY INFORMATION IS GIVEN OR MADE BY MERGENT IN ANY FORM OR MANNER WHATSOEVER. Under no circumstances shall MERGENT have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any such information, or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if MERGENT is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, any such information.

Income (loss) per sh fr discount op	\$0.04	dr\$0.08	dr\$0.07
Net income (loss) per sh-basic	\$0.07	\$(0.10)	\$(0.30)
Income (loss) per sh fr contin opera	\$0.03	\$(0.02)	\$(0.23)
Income (loss) per sh fr discount op	\$0.04	\$(0.08)	\$(0.07)
Net income (loss) per sh-diluted	\$0.07	\$(0.10)	\$(0.30)
Tot no of employees	5502	5514	
No of com stkhldrs	51,498	51,635	
¹ Reclassified to conform with 2008 presentation ² As reported from the 2007 10K ³ Including gain on sale of fixed assets of - Selling, general & administrative expenses: 2008 \$3,200,000 ⁴ Gain on sale - Income (loss) from discontinued operations, net: 2008 \$21,500,000 ⁵ As is			
Consolidated Balance Sheet, as of Sept. 30 (\$000):			
	2008	2007 (revised)	
Assets:			
Cash & cash equivs	36,722	25,976	
Short-term invests		7,600	
Accts receivable, gross		7,346	
Allow for doubtful accts		200	
Accts receivable, net	6,307	7,146	
Raw material	3,067	4,567	
Work in process	13,926	11,773	
Finished goods	20,473	17,388	
Invent	37,466	33,728	
Assets held for sale	3,164	35,472	
Restricted cash	592	2,147	
Ppd exps & other curr assets	4,011	6,188	
Tot curr assets	88,262	118,257	
Mach & equip	90,493	106,586	
Furn & fixtures	678	2,064	
Computer equip	8,942	24,102	
Lsehd improve	5,692	10,145	
Land		1,630	
Buildings		2,024	
Constr in prog	1,027		
Prop & equipment, gross	106,832	146,551	
Less: accum deprec & amort	98,748	137,265	
Prop & equipment, net	8,084	9,286	
Goodwill	191,418	191,418	
Other intang assets, net	913	3,295	
Debt issue costs	1,754	3,209	
Restricted cash	1,517	1,504	
Other assets	329	379	
Tot assets	292,277	327,348	
Liabilities:			
Accts pay	16,101	14,988	
Accrued legal fees & settlements	4,588	7,666	
Accrued wages & benefits	6,203	4,206	
Accrued vacation	2,720	2,673	
Accrued software license agreements	326	1,987	
Accrued subsequent pay	1,675	1,294	
Accrued commiss	89	1,148	
Misc. taxes	353	299	
Int pay	1,270	3,531	
Customer prepay & dep	143	1,507	
Other accrued exps & other curr liabil	2,875	1,474	

Accrued exps & other curr liabil	20,242	25,785
Liabil held for sale		372
Defer rev	2,721	21,825
Tot curr liabil	39,064	62,970
Other long-term liabil	1,564	1,728
Whitebox VSC, LTD	29,423	
Tennenbaum Cap Partners		50,450
Paid-in-kind int		7,968
Long-term debt & cap leases, gross	29,423	58,418
Long-term debt, net	29,423	58,418
Conv subord debt, net	96,700	96,700
Tot liabil	166,751	219,816
Minor int	165	1,289
Com stk	2,267	2,240
Addit paid-in cap	1,747,324	1,741,048
Accum other comprehensive income (loss)		3,739
Retain earnings (accum deficits)	(1,624,230)	(1,640,784)
Tot shldrs eq	125,361	106,243

¹Reclassified to conform with 2008 presentation
²Discount of-Whitebox VSC, LTD: 2008 \$600,000
³Discount - Long-term debt, net: 2007 \$1,551,000
⁴Discount - Convertible subordinated debt: 2007 \$1,725,000

Auditor's Report: The following is an excerpt from the Report of the Independent Auditors, BDO Seidman, LLP, as it appeared in the 2008 10K report:

"In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vitesse Semiconductor Corporation and its subsidiaries as of September 30, 2008 and 2007, and the results of their operations and their cash flows for the three years in the period ended September 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Vitesse Semiconductor Corporation and subsidiaries' internal control over financial reporting as of September 30, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated December 30, 2008 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

The accompanying consolidated financial statements have been prepared assuming that Vitesse Semiconductor Corporation will continue as a going concern. As discussed in Note One to the consolidated financial statements, the Company is subject to an October 1, 2009 put on its convertible subordinated debt that would potentially require the Company to repay the principal amount of the convertible subordinated debt plus a premium to the debt holders. The existence of this put feature raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to this matter is also described in Note One. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty."

Long Term Debt: Sept. 30, 2008, \$125,943,000 (excluding current portion) comprised of:

(1) \$29,423,000 loan with Whitebox VSC, LTD., net of discount of \$600,000. On Oct. 29, 2007, concurrent

with the sale of a portion of its Storage Products business, Co. entered into a \$30,000,000 financing agreement with Whitebox due Oct. 29, 2011. At Sept. 30, 2008, the effective interest rate was 11.082%. The loan is secured by substantially all of Co.'s assets. In connection with this loan agreement, Co. and Whitebox also entered into a Senior Unsecured Convertible Note Purchase Agreement that gives Whitebox the right, until the third anniversary of the initial funding, to purchase convertible notes in an aggregate principal amount of up to \$45,000,000, which Co. would use to repay amounts outstanding under the loan. These convertible notes, if issued, would be convertible into the common stock of Co. at a conversion price of \$2.00 per share, subject to adjustment. As of Sept. 30, 2008, no notes were issued to Whitebox. For the year ended Sept. 30, 2008, interest expense relating to the note was \$3,100,000. The agreement contains various restrictive covenants. As of Sept. 30, 2008, Co. was in compliance with terms of the covenants.

(2) \$96,700,000 1.5% convertible subordinated debentures, due 2024. The debentures are unsecured obligations and are subordinated in right of payment to all of Co.'s existing and future senior indebtedness. Interest is payable in arrears semiannually on October 1 and April 1 of each year, beginning Apr. 1, 2005.

Capital Stock: 1. Vitesse Semiconductor Corp. common; par \$0.01.

AUTH—500,000,000 shs.

OUTSTG—Sep. 30, 2008 226,205,580 shs; par \$0.01.

STOCK SPLITS—\$0.01 par shares reverse split 1-for-3 Aug. 6, 1991.

\$0.01 par shares split 3-for-2 Feb. 13, 1997; 2-for-1 May 27, 1998 and Oct. 21, 1999.

VOTING RIGHTS—Entitled to one vote per share.

DIVIDENDS PAID—

1997 0.035 1998-2008 . . Nil

OPTIONS—Sept. 30, 2008, reserved for issuance, 82,882,456 shares; available for future grant, 60,016,560 shares; options outstanding, 18,275,132 shares.

TRANSFER AGENT & REGISTRAR— Fleet National Bank, c/o EquiServe, Providence, RI

LISTED—National Bulletin Board : VTSS

PRICE RANGE—

	2009	2008	2007	2006	2005
High	0.48	0.94	1.40	3.79	3.62
Low	0.21	0.09	0.74	0.69	1.50

OFFERED—(3,200,000 shs.) at \$9.00 per sh. (proceeds to Co., \$8.37 per sh.) on Dec. 11, 1991 thru Robertson, Stephens & Company, Prudential Securities Inc. and associates. Offering contains up to an additional 480,000 to cover over-allotments.

(3,000,000 shs.) at \$36.00 per sh. (proceeds to Co., \$34.38 per sh.) on Nov. 19, 1996 through Lehman Brothers Inc., Robertson, Stephens & Company LLC and Oppenheimer & Co., Inc. Proceeds used to fund the site purchase, construction, and equipping of a new wafer fabrication facility and the expansion of production capacity at Co.'s existing facility, and for general corporate purposes, including working capital. Offering contained an option for the underwriters to purchase up to an additional 450,000 shares to cover over-allotments.

CAPITAL HISTORY—In 1997, Co.'s shareholders approved an increase in the number of authorized shares of common stock from 25,000,000 to 50,000,000.

In 1998, Co.'s shareholders approved an increase in the number of authorized shares of common stock from 50,000,000 to 100,000,000.

In 1999, Co.'s shareholders approved an increase in the number of authorized shares of common stock from 100,000,000 to 250,000,000.

In 1999, Co.'s shareholders approved an increase in the number of authorized shares of common stock from 250,000,000 to 500,000,000.