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As filed with the Securities and Exchange Commission on August 8, 2007

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-1

Registration Statement Under
The Securities Act of 1933

ALLEGRO MICROSYSTEMS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	3674	22-3056180
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Number)*	*(I.R.S. Employer Identification Number)*

115 Northeast Cutoff
Worcester, MA 01606
508-853-5000
(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

Dennis H. Fitzgerald
President and Chief Executive Officer
Allegro MicroSystems, Inc.
115 Northeast Cutoff
Worcester, MA 01606
508-853-5000
(Name, address, including zip code and telephone number, including area code, of agent for service)

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650-251-5000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") check the following box. o

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

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

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. o

CALCULATION OF REGISTRATION FEE CHART

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common stock, par value $.01 per share	$115,000,000	$3,531

(1) Includes shares that the underwriters have the option to purchase to cover over-allotments, if any.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

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 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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Subject to Completion, dated August 8, 2007

PROSPECTUS

Shares

Common Stock

This is the initial public offering of the common stock of Allegro MicroSystems, Inc. We are offering shares of our common stock and the selling stockholder named in the prospectus is offering shares of our common stock. We will not receive any proceeds from sale of shares sold by the selling stockholder. No public market currently exists for our common stock.

We have applied to have our common stock listed on the Nasdaq Global Select Market under the symbol "ALGM." We anticipate that the initial public offering price will be between $ and $ per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 7.

	Per Share	Total
Price to the public	$	$
Underwriting discounts and commissions	$	$
Proceeds to us (before expenses)	$	$
Proceeds to the selling stockholder (before expenses)	$	$

We and the selling stockholder have granted the underwriters a 30-day option to purchase up to an additional shares on the same terms and conditions as set forth above if the underwriters sell more than shares of common stock in this offering.

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

Lehman Brothers, on behalf of the underwriters, expects to deliver the shares on or about , 2007.

LEHMAN BROTHERS

DAIWA SECURITIES AMERICA INC.

CIBC WORLD MARKETS

PIPER JAFFRAY

, 2007

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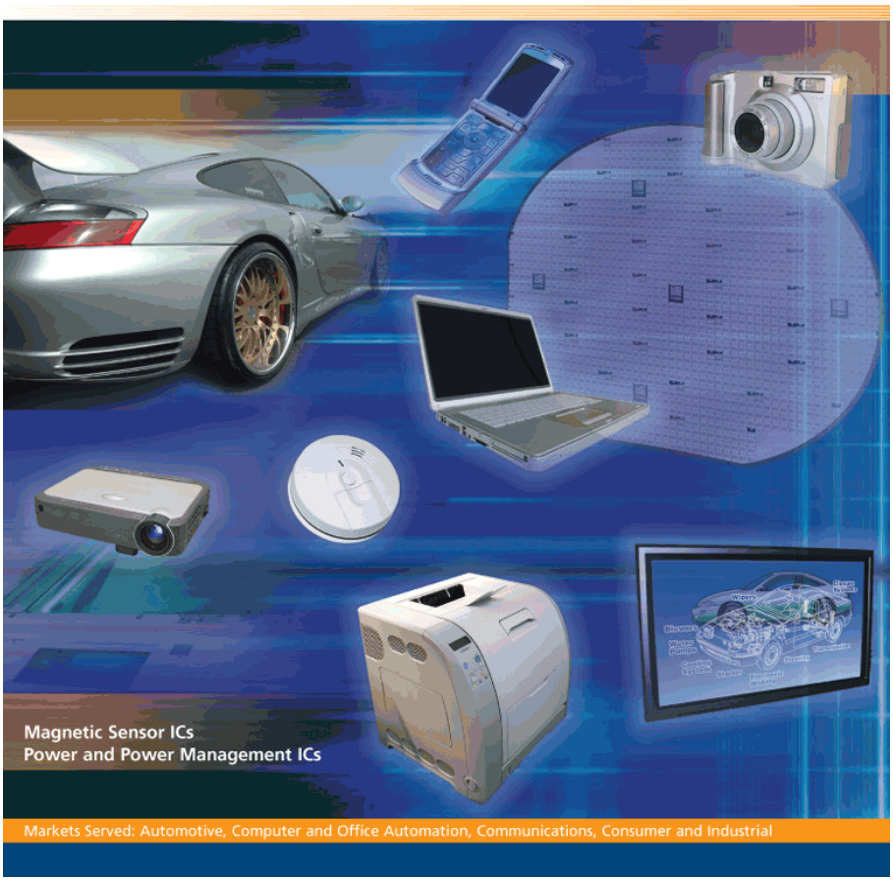

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You should rely only on the information contained in this prospectus or contained in any free writing prospectus filed with the Securities and Exchange Commission, or the SEC. We have not authorized anyone to provide you with information different from that contained in this prospectus.

We and the selling stockholder are offering to sell, and are seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

Through and including , 2007 (25 days after the commencement of this offering), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

In this prospectus, "Allegro," "our," "we," "us," and similar expressions refer to Allegro MicroSystems, Inc., and its subsidiaries; "Sanken," "our parent company," and "the selling stockholder" refer to Sanken Electric Co. Ltd.; and "PSI" refers to our affiliate Polar Semiconductor, Inc.

Our fiscal year end is the 52-week or 53-week period ending on the Friday closest to the last day in March. The fiscal years ended March 30, 2007 and March 25, 2005 were 52-week periods. The fiscal year ended March 31, 2006 was a 53-week period. Unless the context indicates otherwise, whenever we refer in this prospectus to a particular year, with respect to ourselves, we mean the fiscal year ending in that particular calendar year. Our interim results are based on fiscal quarters of 13 or 14 weeks in duration. The fiscal quarter ended March 31, 2006 consisted of 14 weeks. The first and second fiscal months of each fiscal quarter are four weeks in duration and the final fiscal month consists of five weeks. Each of our interim periods ends on a Friday. The operating results for any interim period are not necessarily indicative of results for any subsequent period or the full fiscal year.

This summary highlights key aspects of the information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this summary together with the entire prospectus, including the information presented under the heading "Risk Factors" and the more detailed information in the historical consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

Overview

We design, develop, manufacture and market magnetic sensor integrated circuits (ICs) and application-specific analog power semiconductors for the automotive, computer and office automation, communications, consumer and industrial markets. We are a leading provider, in terms of total net sales, of integrated Hall-Effect sensor ICs with applications in each of these markets. Our broad product portfolio of application-specific analog power ICs includes motor drivers and power interface drivers that are used in automotive electronic systems and computer and office automation products, such as printers and LED displays. Our 40 years of experience in the semiconductor industry serves as our foundation for designing and manufacturing magnetic sensor ICs and analog power ICs, and enables our current expansion into the growing field of power management ICs.

Our product portfolio includes over 325 Allegro products across a range of high-performance analog and mixed-signal semiconductors, including magnetic sensor ICs, analog power ICs and power management ICs. During fiscal year 2007, we sold our products directly to approximately 140 original equipment manufacturers (OEMs), 33 distributors and 49 electronic manufacturing services (EMS) providers, many of which are leaders in their respective markets. In addition, we also sold our products to a wide range of end customers in Japan through Sanken, our parent company. Our close relationship with Sanken enables us to access a broad base of leading Japanese customers in the automotive, consumer and computer and office automation markets for which we develop advanced products that can be sold worldwide. We provide product design and applications development support to our customers through design and application centers located in the Americas, Asia and Europe.

We employ both internal and external manufacturing capacity for wafer fabrication, assembly and testing. Our relationship with PSI, a wholly owned subsidiary of Sanken, provides us with cost-effective wafer manufacturing capacity that utilizes our advanced wafer fabrication technology. This manufacturing approach allows us to leverage our intellectual capital while reducing our capital investment requirements.

Our Relationship with Sanken

Prior to this offering, we have been a wholly owned subsidiary of Sanken, a Japanese company whose common stock is traded on the First Section of the Tokyo Stock Exchange. Sanken intends for the foreseeable future to maintain majority ownership of the outstanding shares of our common stock.

Sanken's worldwide production, design, sales and distribution operations are organized in three segments: semiconductors (which includes Allegro), power modules and power supply equipment. Sanken's

semiconductor business segment, which includes power supply ICs, motor driver ICs, automotive ICs and discrete devices, complements our product lines. Sanken owns 100% of PSI, which operates a wafer fabrication facility in Bloomington, MN, where we have implemented our advanced wafer fabrication technology. For its fiscal year ended March 31, 2007, Sanken had net sales of approximately 203.8 billion Japanese yen (approximately US$1.7 billion) and net profits of 7.5 billion Japanese yen (approximately US$63.5 million).

In addition to currently being our controlling stockholder, Sanken collaborates with us in the areas of marketing and distribution, technology development and manufacturing. We believe that the collaborative efforts between Sanken and us create synergistic opportunities and benefits, including access to Sanken's extensive customer relationship, distribution, sales and technical support networks; access to the wafer manufacturing facility operated by our affiliate, PSI; and cost-effective, advanced joint technology development.

Industry Trends

The use of analog ICs and magnetic sensor ICs has rapidly increased across a wide range of applications due to the broad replacement of mechanical functions with semiconductor-based devices that improve the reliability and efficiency of such electro-mechanical systems as motors, information encoders and potentiometers for measuring voltages. The growing use of these two types of ICs has been particularly significant in the automotive, computer and office automation and communications markets. Within the automotive industry, for example, an increasing focus on fuel efficiency and safety has resulted in fundamental redesigns of automotive systems and the introduction of multiple electronically controlled systems, including hybrid vehicles, thereby increasing the number of semiconductors used in such systems. Within the computer and office automation market, consumer demand for increased functionality has also resulted in the increased use of analog ICs in a variety of applications. For example, increased demand for home office multi-function printing systems that perform printing, scanning and faxing functions has increased the demand for power ICs that enable this greater functionality.

Customer demand for more features and functionality in smaller, lower-cost ICs and IC packages has resulted in increased circuit integration and greater complexity in the IC design and manufacturing process. In order to more effectively deliver the benefits of higher integration to a customer, a semiconductor supplier must possess a broad range of engineering capabilities, including expertise in device modeling, the ability to optimize IC design and component interfaces based on system-level knowledge, and the ability to combine analog and digital designs on the same IC. Other required capabilities include the ability to manage the thermal, mechanical, magnetic and packaging engineering issues that affect the performance of a highly integrated system, as well as the capability to perform more complex assembly and test operations. As a result of these factors, the knowledge and skills required to design innovative, high-quality integrated analog and mixed-signal devices are highly specialized and can take many years to develop. Additionally, given the research and engineering lead times involved, close collaboration between semiconductor suppliers and their leading customers has become increasingly important. Finally, the semiconductor industry experiences sales cycles of varying length, which leads to the need for careful management of product lines, inventories and resources.

Our Competitive Strengths

Our key competitive strengths include the following:

We have leading market positions. According to Gartner, Inc., we were the leading provider of magnetic sensor ICs in 2006. Within this market, Gartner, Inc. identified us as the second leading provider of magnetic sensor ICs for the automotive market. In addition, within the high-growth communications market for magnetic sensor ICs, we had the leading position in 2006, according to Gartner, Inc.

We have established technology leadership in the development of integrated magnetic sensor ICs and power ICs. Our innovations in Hall-Effect sensor ICs include assemblies with magnets and magnetic field concentrators and circuit design techniques for multiple applications. Our power IC expertise is

especially strong in the integration of multiple motor drivers and switching regulators on the same chip. We have a team of highly skilled engineers with analog design, test development and process technology development expertise.

Our business diversification provides a stable base with multiple growth opportunities. Our net sales are diversified across customers, sales channels, geographies and end markets. This enables us to continue to invest across business cycles, pursue multiple growth opportunities and leverage our research and development efforts across multiple products and end markets. In addition, for many of our customers, we are among a limited number of vendors who are prequalified to compete for their next-generation product requirements and are the sole supplier for many of our products. These relationships allow us to gain insight into the specifications for their products, providing us with multiple opportunities to expand our business.

We are well-positioned to access the Japanese markets. We have leveraged Sanken's customer relationships and extensive distribution and technical support networks to increase our sales in Japan. Relationships with leading Japanese manufacturers in the consumer and automotive markets are particularly valuable since many of the solutions created for customers in these markets are quickly adopted by other manufacturers outside of Japan.

We possess a flexible, advanced manufacturing infrastructure. We optimize our manufacturing infrastructure through a mix of internal and external capacity.

Our management team is highly experienced. Our senior management team averages 25 years of semiconductor industry experience and 20 years of service to Allegro and its predecessor entity. We believe that our team has demonstrated expertise in our business and has the capability to develop and execute successful business strategies through semiconductor industry cycles.

Our Strategy

Our objective is to enhance our position as a leading provider of analog semiconductor products. Key elements of our strategy include:

Leveraging our intellectual property and technology capabilities to pursue additional opportunities in high-growth markets. We address high-growth markets by developing new applications that create synergies with our existing technologies and product portfolio. We are expanding our presence in the communications and consumer markets by leveraging our analog power IC design and process capabilities to develop new power management products and by applying our sensor design skills and our power supply and motor control applications expertise in the development of technologies for sensing electric current.

Rapidly introducing value-added products. We believe that our research and development investments in the areas of product design, wafer fabrication technology enhancement and IC package development are critical to maintaining our competitive advantage. We intend to increase the pace of our new product introductions and enhance our research and development capabilities to enable us to continue to offer differentiated, value-added products to our customers.

Increasing the breadth and depth of our customer relationships. We believe our close collaboration with industry-leading customers has provided us with market insights that enable us to focus our resources on developing innovative products. We intend to continue strengthening our relationships with existing customers by broadening our product portfolio to further satisfy their needs. Furthermore, we intend to continue broadening our customer base by enhancing our sales and marketing efforts.

Continuing to pursue a flexible and cost-effective manufacturing strategy. We believe that our use of both internal and external manufacturing capacity provides a flexible and efficient manufacturing model that reduces capital requirements, lowers operating costs, ensures reliability of supply and supports our growth.

Continuing to improve our profit margins. We expect to improve our profitability by enriching our product portfolio, rapidly introducing new, higher-margin products and reducing manufacturing costs. We expect to continue to improve our product mix by developing new products for growth markets which typically generate higher profit margins. We intend to place a particular focus on enhancing our margins by converting existing products to products using newer technologies.

Pursuing selective acquisitions and other strategic transactions. We evaluate and pursue selective transactions to facilitate our entrance into new applications, add to our intellectual property and design resources, and diversify our product offerings. For example, our collaboration with PSI was a key factor in Sanken's acquisition of PSI in July 2005.

Corporate Information

We were incorporated in Delaware in 1990 as the company through which Sanken acquired the semiconductor division of Sprague Electric Company (Sprague). Our principal executive offices are located at 115 Northeast Cutoff, Worcester, MA 01606, and our telephone number is (508) 853-5000. Our website is located at *www.allegromicro.com*. Information on our website should not be considered part of this prospectus.

Industry and Market Data

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research, as well as from industry publications and research, surveys and studies conducted by third parties. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these publications, studies and surveys is reliable, we have not independently verified industry, market and competitive position data from third-party sources. While we believe our internal business research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source.

In preparing this prospectus, we have relied on the following third-party publications and research:

- Gartner, Inc., "Forecast: Application-Specific Analog ICs, Worldwide, 2005-2010," S. Ohr, December 2006.
- Gartner, Inc., "Semiconductor Forecast Database," 2Q07 Update, May 2007.
- Gartner, Inc., "Semiconductor Forecast Worldwide: Forecast Database," A. Blanco et. al., 2Q07.
- Gartner, Inc., "Semiconductor Applications Worldwide Annual Market Share: Database," G. Van Hoy, April 2007.
- Gartner, Inc., "Dataquest Alert: Semiconductor Market Forecast," R. Gordon, 2Q07.
- Gartner, Inc., "Methodology and Definitions for Semiconductor Devices and Applications, 2005," G. Van Hoy, November 22, 2006.
- World Semiconductor Trade Statistics (WSTS), May 2007 Forecast.

The Gartner, Inc. reports described herein (Gartner, Inc. Reports) represent data, research opinion or viewpoints published, as part of a syndicated subscription service available only to clients, by Gartner, Inc., a corporation organized under the laws of the State of Delaware, USA, and its subsidiaries, and are not representations of fact. The Gartner, Inc. Reports do not constitute a specific guide to action and the reader of this prospectus assumes sole responsibility for his or her selection of, or reliance on, the Gartner, Inc. Reports, or any excerpts thereof, in making any decision, including any investment decision. Each Gartner, Inc. Report speaks as of its original publication date (and not as of the date of this prospectus) and the opinions expressed in the Gartner, Inc. Reports are subject to change without notice. Gartner, Inc. is not responsible, nor shall it have any liability, to us or to any reader of this prospectus for errors, omissions or inadequacies in, or for any interpretations of, or for any calculations based upon data contained in, the Gartner, Inc. Reports or any excerpts thereof.

The Offering

Common stock offered by us	shares
Common stock offered by the selling stockholder	shares
Common stock to be outstanding after this offering	shares
Use of proceeds	We estimate that the net proceeds to us from the sale of shares of common stock will be approximately $ million, assuming an offering price of $ (which is the mid-point of the range specified on the cover of this prospectus). We intend to use the net proceeds from the offering of shares by us for general corporate purposes, including amounts related to the repayment of a portion of our outstanding term loans, working capital and capital expenditures. We may also use a portion of our net proceeds to acquire or invest in complementary technologies, businesses or other assets. We have no current commitments or agreements with respect to any acquisitions. We will not receive any proceeds from the shares sold by the selling stockholder. See "Use of Proceeds."
Proposed Nasdaq Global Select Market symbol	"ALGM"

The number of shares of common stock that will be outstanding after this offering is calculated based on 25 million shares outstanding as of March 30, 2007 and excludes:

- 3,069,790 shares of common stock issuable upon the exercise of options outstanding as of March 30, 2007 at a weighted average exercise price of $7.27 per share (all such options, to the extent that such options are not currently vested, will vest at the time of this offering according to the provisions of our 2001 Stock Option Plan, pursuant to which no options will be granted following this offering); and
- shares of common stock reserved for issuance under our 2007 Long-Term Incentive Plan.

Unless otherwise indicated, all information in this prospectus assumes:

- an initial public offering price of $ per share, the mid-point of the initial public offering price range specified on the cover of this prospectus; and
- that the underwriters do not exercise their over-allotment option to purchase an additional number of shares from us or the selling stockholder.

Risk Factors

Elsewhere in this prospectus we have described several categories of risk that affect our business. These include risks specifically related to our business and industry and risks related to our relationship with Sanken. In addition, a number of risks related to this offering can affect investment in our common stock. You should read the "Risk Factors" section of this prospectus for a more detailed explanation of these risks.

Summary Consolidated Financial Data

The following summary consolidated and as adjusted financial data should be read in conjunction with "Capitalization," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes to those consolidated financial statements included elsewhere in this prospectus.

Our historical results are not necessarily indicative of future operating results.

	Fiscal Year Ended				
	March 28, 2003	March 26, 2004	March 25, 2005	March 31, 2006	March 30, 2007
	(in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Net sales	$ 199,717	$ 216,962	$ 227,463	$ 222,694	$ 257,837
Net sales to Sanken	43,449	48,408	54,913	62,361	62,904
Total net sales	243,166	265,370	282,376	285,055	320,741
Cost of goods sold	172,273	176,781	190,028	194,050	207,828
Gross profit	70,893	88,589	92,348	91,005	112,913
Operating expenses:					
Selling, general and administrative	35,078	36,915	39,292	40,926	44,944
Research and development	23,150	28,862	35,239	35,493	38,906
Total operating expenses	58,228	65,777	74,531	76,419	83,850
Operating income	12,665	22,812	17,817	14,586	29,063
Interest expense	(4,681)	(3,250)	(2,642)	(2,638)	(1,942)
Foreign currency transaction gain (loss)	930	339	125	466	(417)
Interest income	435	92	178	333	441
Other	1,039	178	429	1,220	104
Income before income taxes	10,388	20,171	15,907	13,967	27,249
Income tax provision	1,436	1,758	333	2,385	6,149
Minority interest in net income of a subsidiary	—	—	22	24	25
Net income	$ 8,952	$ 18,413	$ 15,552	$ 11,558	$ 21,075
Earnings per share:					
Basic	$ 0.36	$ 0.74	$ 0.62	$ 0.46	$ 0.84
Diluted	$ 0.36	$ 0.73	$ 0.59	$ 0.44	$ 0.81
Weighted average shares outstanding:					
Basic	25,000	25,000	25,000	25,000	25,000
Diluted	25,102	25,348	26,263	26,216	26,178

	As of March 30, 2007	
	Actual	As Adjusted(3)
	(in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 13,468	$
Working capital(1)	66,877	
Total assets	212,326	
Total debt(2)	27,972	
Total stockholder's equity	145,008	

(1) Excludes cash and cash equivalents and current portion of total debt.

(2) Includes $19,255 (actual and as adjusted) of current portion of total debt.

(3) The as adjusted balance sheet data reflects our receipt of estimated net proceeds of $ million from our sale of shares of our common stock that we are offering at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

RISK FACTORS

An investment in our common stock involves risks. You should consider these risks carefully, as well as the other information in this prospectus. If any of these risks actually occurs, our business could be harmed materially. In that event, the trading price of our common stock might decline, and you might lose all or part of your investment. Additional risks and uncertainties not presently known to us or not believed by us to be material may also negatively impact us.

Risks Related to Our Business and Industry

We face intense competition and may not be able to compete effectively, which could reduce our market share and decrease our net sales and profitability.

We are engaged in an intensely competitive segment of the global semiconductor industry. Our competitive landscape includes rapid technological change in product design and manufacturing technology, continuing declines in unit prices, and customers that make purchase decisions based on a mix of factors of varying importance. The most important competitive factors that we face are time to market, system and application expertise and product quality and reliability. The relative importance placed on each of these factors varies from customer to customer and from market to market. Our ability to compete in this environment depends on such factors as our ability to identify emerging markets and technology trends in an accurate and timely manner, introduce new products and implement new manufacturing technologies at a sustainable pace, maintain the performance and quality of our products and manufacture our products in a cost-effective manner, as well as our competitors' performance and general economic and industry market conditions. Often, we compete against larger companies that possess substantial financial, technical, development, engineering, manufacturing and marketing resources. Varying combinations of these resources provide advantages to these competitors that enable them to influence industry trends and the pace at which they adapt to these trends.

If our net sales growth falls short of our expectations, we may not be able to proportionately reduce our operating expenses in a timely manner and our profitability would decline.

We maintain an infrastructure of facilities and human resources in several locations around the world. We have limited ability to reduce the expenses required to maintain this infrastructure as quickly as our net sales could decrease. Declines in our net sales or failure to increase our net sales in accordance with our expectations, coupled with our limited ability to reduce expenses rapidly in response to such declines, could have a material adverse effect on our profitability.

The cyclical nature of the analog semiconductor industry may limit our ability to maintain or increase net sales and profit levels.

The semiconductor industry, including the analog segment of this industry, is highly cyclical and is prone to significant downturns from time to time. These downturns can result from supply-and-demand imbalances caused by declines in the general economy in regions where analog semiconductor products are sold for installation in end products and systems, changes in the markets for those end products and systems, and technological and commercial dynamics of the industry itself. Any combination of one or more of these factors can result in significant declines for analog semiconductor manufacturers, during which demand for analog semiconductor products decreases, inventory levels increase, manufacturing capacity is underutilized, and average selling prices decline. We have experienced downturns in the past and may experience such downturns in the future. Future downturns of this nature could have a material adverse effect on our business, financial condition and results of operations.

Our quarterly total net sales and operating results are difficult to predict accurately and may fluctuate significantly from period to period. As a result, we may fail to meet the expectations of investors, which could cause our stock price to decline.

We operate in a highly dynamic industry and our future results could be subject to significant fluctuations, particularly on a quarterly basis. Our quarterly total net sales and operating results have fluctuated significantly in the past and may continue to vary from quarter to quarter due to a number of factors, many of which are not within our control. Although some of our customers, for example those in the automotive industry, provide us with forecasts of their future requirements for our products, a significant percentage of our net sales in each fiscal quarter is dependent on sales that are booked and shipped during that fiscal quarter, and are typically attributable to a large number of orders from diverse customers and markets. As a result, accurately forecasting our operating results in any fiscal quarter is difficult. If our operating results do not meet our publicly stated guidance, if any, or the expectations of investors, our stock price may decline. Additional factors that can contribute to fluctuations in our operating results include:

- the rescheduling, increase, reduction or cancellation of significant customer orders;
- the timing of customer qualification of our products and commencement of volume sales by our customers of systems that include our products;
- the rate at which our present and future customers and end users adopt our technologies in our target end markets;
- the timing and success of the introduction of new products and technologies by us and our competitors, and the acceptance of our new products by our customers;
- our gain or loss of one or more key customers;
- the availability, cost, and quality of materials and components that we purchase from third-party vendors and any problems or delays in the fabrication, assembly, testing or delivery of our products;
- the utilization of our internal manufacturing operations;
- the changes in our product mix or customer mix;
- the quality of our products and any remediation costs; and
- the general industry conditions and seasonal patterns in our target end markets.

Due to these and other factors, quarter-to-quarter comparisons of our historical operating results should not be relied upon as accurate indicators of our future performance.

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

Our income could be harmed if we are unable to adjust our supply chain volume to market fluctuations, including those caused by the seasonal or cyclical nature of the markets in which we operate. The sale of our products is dependent, to a large degree, on customers whose industries are subject to seasonal or cyclical trends in the demand for their products. For example, the consumer electronics market is particularly volatile and is subject to seasonality related to the end-of-year holiday selling season, making demand difficult to anticipate. During a market upturn, we may not be able to purchase sufficient supplies or components to meet increasing product demand, which could harm our reputation, prevent us from taking advantage of opportunities and reduce our net sales growth. In addition, some parts are not readily available from alternate suppliers due to their unique design or the length of time necessary for design work. Should a supplier cease manufacturing such a component, we may be forced to re-engineer a product. In addition to discontinuing parts, suppliers may also extend lead times, limit supplies or increase prices due to capacity constraints or other factors. By contrast, in order to secure components for the production of products, we may continue to enter into non-cancelable purchase commitments with vendors. This could reduce our ability to adjust our inventory to declining market demands. Prior commitments of this type have resulted in an excess of parts

when demand for our products has decreased. If demand for our products is less than we expect, we may experience additional excess and obsolete inventories and be forced to incur additional charges.

We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, levels of reliance on outsourced contract manufacturing, personnel needs and other resource requirements, based on our estimates of customer requirements. The short-term nature of the commitments by many of our customers and the possibility of rapid changes in demand for their products reduces our ability to accurately estimate future requirements of our customers. On occasion, our customers may require rapid increases in production, which can challenge our resources. We may not have sufficient capacity at any given time to meet our customers' demands. Conversely, downturns in the semiconductor industry have in the past caused and may in the future cause our customers to significantly reduce the amount of products ordered from us. Because many of our sales, research and development, and manufacturing expenses are relatively fixed, a reduction in customer demand may decrease our gross margins and operating income.

We depend on growth in the end markets that use our products. Any slowdown in the growth of these end markets could adversely affect our financial results.

Our continued success will depend in large part on general economic growth and growth within our target markets. Factors affecting these markets could seriously harm our customers and, as a result, harm us, including:

- reduced sales of our customers' products;
- the inability of our customers to adapt to changing technological demands resulting in their products becoming obsolete; and
- the failure of our customers' products to gain broad market acceptance.

Any slowdown in the growth of these end markets could adversely affect our financial results.

Substantial portions of our sales are made to automotive industry suppliers. Any downturn in this market could significantly harm our financial results.

Of our total net sales, approximately 43.1%, 46.3% and 46.4% were made to customers that supply various systems and components to the automotive industry in fiscal years 2005, 2006 and 2007, respectively. This concentration of sales exposes us to the risks associated with this market. For example, the automotive supplier industry is undergoing a period of consolidation and reorganization and, in some cases, suppliers to the automotive industry have entered bankruptcy. Although we have not experienced any lost business or material bad debt write-offs because of this situation, further such changes in the automotive market could have a material adverse effect on our business and results of operations.

The loss of one or more significant customers in any of the markets to which we make substantial sales could have a material adverse effect on our business and results of operations.

With respect to each of the markets to which we make substantial sales, in particular the automotive and the computer and office automation markets, we make sales to a limited number of customers in each such market. For example, approximately 5.2% of our total net sales in fiscal year 2007, sold either directly or indirectly, were derived from our largest customer in the automotive market, and approximately 6.7% of our total net sales in fiscal year 2007, sold either directly or indirectly, were derived from our largest customer in the computer and office automation market. Sales in fiscal year 2007 from our top ten OEM customers, sold either directly or indirectly, represented approximately 41.7% of our total net sales in that year. In fiscal year 2007 approximately 23.1% of our total net sales were derived from sales to distributors, with 19.1% of our total net sales from our top ten distributors. In addition, in fiscal year 2007, approximately 19.6% of our total net sales were derived from sales to Sanken, our parent company, which resells our products to a wide range of end customers in Japan. The loss of business from any of these large customers or distributors in either of

these markets could have a material adverse effect on our sales with respect to that market and, in turn, on our overall business and results of operations.

If we fail in a timely and cost-effective manner to develop new product features or new products that achieve market acceptance, our operating results could be adversely affected.

Our existing and prospective customers demand continuing improvements in the design and cost of analog and mixed-signal semiconductor products for existing applications in their products and systems, as well as higher performance, cost-effective analog and mixed-signal semiconductor products for new applications in their products and systems. The future success of our business depends on our ability to identify, design and develop new product features and products rapidly in response to these demands and to then manufacture, market and support these new product features and products in a cost-effective and timely manner. Our failure to successfully meet these requirements could have a material adverse effect on us. Historically, we have focused our efforts on analog semiconductor products that provide power control in the products and systems in which they are used or that determine, or "sense," the motion or position of various objects. While we expect to continue our focus on analog and mixed-signal semiconductor power ICs and sensor IC products, we plan in the next several years to grow our power management line of semiconductor products. If we fail to develop our power management business in accordance with our plans or fail to meet the expectations of securities analysts or investors, the price of our common stock may decline.

The nature of the design process requires us to incur expenses prior to generating net sales associated with those expenses without any guarantee that the design efforts will generate net sales, which could adversely affect our financial results.

We focus on winning competitive bid selection processes, called "design wins," to develop products for use in our customers' products. These lengthy selection processes may require us to incur significant expenditures in the development of new products without any assurance that we will achieve design wins. If we incur such expenditures and fail to be selected, our operating results may be adversely affected. Further, because of the significant costs associated with qualifying new suppliers, customers are likely to use the same or an enhanced version of semiconductor products from existing suppliers across a number of similar and successor products for a lengthy period of time. If we fail to secure an initial design win for any of our products, we may lose the opportunity for future sales of those products for a significant period of time and experience an associated decline in net sales relating to those products. This phenomenon is typical in the automotive market. Failure to achieve initial design wins may also weaken our position in future competitive selection processes because we may be perceived as not being an industry leader.

Even if we succeed in securing design-wins for our products, we may not generate timely or sufficient net sales or margins from those wins and our financial results could suffer.

After incurring significant expenses in achieving an initial design win for a product, a substantial period of time generally elapses before we generate net sales relating to such products. The reasons for this delay include the following:

- changing customer requirements, resulting in an extended development cycle for the product;
- delay or cancellation of the customer's program;
- competitive pressures to reduce our selling price for the product;
- lower than expected customer acceptance of the product; and
- higher manufacturing costs than anticipated.

If we are unable to achieve expected net sales levels associated with these design wins or experience delays in achieving these levels, our operating results could be adversely affected.

If we are unable to protect portions of our proprietary technology and inventions through patents, our ability to compete successfully and our financial results could be adversely impacted.

We protect portions of our proprietary technology and inventions, particularly those relating to the design of our products, through the use of patents. As of June 29, 2007, we held 84 U.S. patents and had 31 pending patent applications in various stages of review by the U.S. Patent & Trademark Office (called the USPTO) and counterparts of the USPTO outside the United States. Many of these patents have counterparts in key industrial countries. Maintenance of patent portfolios is expensive, and the process of seeking patent protection is lengthy and costly. While we intend to maintain our current portfolio of patents and to continue to prosecute our currently pending patent applications and file future patent applications when appropriate, the value of these actions may not exceed their expense. Existing patents and those that may be issued from any pending or future applications may be subject to challenges, invalidation or circumvention, and the rights granted under our patents may not provide us with meaningful protection or any commercial advantage. In addition, the protection afforded under the patent laws of one country may not be the same as that in other countries. This means, for example, that our right to exclusively commercialize a product in those countries where we have patent rights for that product can vary on a country-by-country basis.

If we are unable to protect portions of our proprietary technology and inventions through trade secrets, our competitive position and financial results could be adversely affected.

We protect portions of our proprietary technology and inventions, particularly those relating to our manufacturing processes, as trade secrets. In the United States, trade secrets are protected under the federal Economic Espionage Act of 1996 and under state law, with many states having adopted the Uniform Trade Secrets Act and several of which that have not. In addition to these federal and state laws inside the United States, under the World Trade Organization's Trade-Related Aspects of Intellectual Property Rights Agreement (called the TRIPS Agreement), trade secrets are to be protected by World Trade Organization member states as "confidential information." Under the Uniform Trade Secrets Act and other trade secret laws, protection of our proprietary information as trade secrets requires us to take steps to prevent unauthorized disclosure to third parties or misappropriation by third parties. While we require our officers, employees, consultants, distributors, and existing and prospective customers and collaborators to sign confidentiality agreements and take various security measures to protect unauthorized disclosure and misappropriation of our trade secrets, we cannot assure or predict that these measures will be sufficient. If any of our trade secrets are subject to unauthorized disclosure or are otherwise misappropriated by third parties, our competitive position may be materially adversely affected.

If we fail to operate without infringing on the patents and proprietary rights of others, our ability to compete successfully and our financial results could be adversely affected.

To the same extent that we seek to protect our technology and inventions with patents and trade secrets, our competitors and other third parties do the same for their technology and inventions. Our ability to compete successfully, therefore, depends in part on our ability to commercialize our products without infringing the patent, trade secret or other intellectual property rights of others. In this respect, we have no means of knowing the content of patent applications filed by third parties until they are published. Patent applications are generally published 18 months after they are filed.

The semiconductor industry is characterized by frequent litigation regarding patent and other intellectual property rights. From time to time, we receive communications from third parties that allege that our products or technologies infringe their patent or other intellectual property rights. We may receive similar communications in the future. In the event that any third party succeeds in asserting a valid claim against us or any of our customers, any of the following risks could occur:

- we could be required to discontinue using certain process technologies which could cause us to stop manufacturing certain semiconductors;
- we could be required to seek to develop non-infringing technologies, which may not be feasible;

- we or our customers could be required to pay substantial monetary damages; or
- we or our customers could be required to seek licenses to the infringed technology that may not be available on commercially reasonable terms, if at all.

If a third party causes us to discontinue use of any of our technologies, we could be required to design around those technologies. This could be costly and time consuming and could have an adverse effect on our financial results.

We depend on key and highly skilled personnel to operate our business, and if we are unable to retain our current personnel and hire additional personnel, our ability to develop and market our products could be harmed, which in turn could adversely affect our financial results.

Our success depends to a large extent upon the continued services of our executive officers, managers and skilled personnel, particularly our development engineers. Generally our employees are not bound by employment or non-competition agreements and we cannot assure you that we will retain our key executives and employees. We may or may not be able to continue to attract, retain and motivate qualified personnel necessary for our business. In addition, we have historically encountered difficulties in hiring and retaining qualified engineers because we recruit from a limited pool of engineers with expertise in analog and mixed-signal semiconductor design and the competition for such personnel can be intense. While we have not lost any of our executive officers, managers and skilled personnel in large numbers within our last five fiscal years, the loss of skilled personnel or our inability to recruit skilled personnel could be significantly detrimental to our product development efforts and could have a material adverse effect on our business.

We rely on a limited number of wafer fabrication facilities for the fabrication of semiconductor wafers, and the failure of any of these foundries or additional foundries to continue to produce wafers on a timely basis could harm our business and our financial results.

In fiscal year 2007, we obtained approximately 60.1% of wafers from our wafer fabrication facility in Worcester, MA, approximately 36.5% of wafers from PSI under a supply agreement and the remainder from another external foundry which we no longer use. PSI is wholly owned by our parent company Sanken and is, therefore, our affiliate. We expect to increase the portion of wafers that we obtain from PSI over the next several years. Under our agreement with PSI, in the event that PSI determines to cease operations at its Bloomington, MN facility, PSI must provide us with 24 months' written notice while also providing us with additional rights to purchase wafers. If PSI were to give notice of termination or suffer an interruption in its operations and we failed to establish one or more alternative sources of wafer supply in a timely fashion, our business would be materially adversely affected. We are also in the early stages of identifying one or more third-party wafer fabrication foundries in Asia with which we can enter into supply arrangements to meet a portion of our future wafer capacity needs. If we do not successfully manage our own wafer fabrication facility and our relationship with PSI, and identify and enter into supply arrangements with one or more additional wafer fabrication operators, we may not have sufficient wafer capacity to meet customer demand for our products, which in turn may have a material adverse impact on our operations and our financial results.

If we fail to continually improve our wafer manufacturing technology, our competitive position could be adversely affected.

We currently rely on our proprietary ABCD4 technology for the manufacture of our analog power ICs and our DABiC™ technology for the manufacture of our magnetic sensor ICs. Our ABCD4 technology consists of the manufacture of different types of transistors, commonly referred to as “Bipolar,” “CMOS” and “Double-Diffused” transistors. We currently use our ABCD4 and DABiC™ 6 technologies at our affiliate, PSI, and license PSI to use these technologies in its facility. In order to achieve our long-term product design and manufacturing cost objectives, we expect to transition over the next two to three years from our ABCD4 and DABiC™ 6 technologies to a new generation of BCD technology, called “Sanken Group 5” or “SG5,” which we refer to as “ABCD5.” We are collaborating with Sanken and PSI on the development of SG5 technology. If we fail to complete the development of SG5 technology at all or within the expected time period, or we or PSI

fail to successfully implement it, our competitive position could be adversely affected. See “Business—Technology—Semiconductor Process Technologies” for further explanation regarding our wafer manufacturing technologies.

If we fail to procure the parts, materials and components used in our manufacturing process in a timely and cost-effective manner, our operating results could be materially adversely affected.

We use a wide range of parts and materials in the production of our products, including silicon subtrates, processing chemicals and gases, precious metals, and packaging components. We procure these parts and materials from many suppliers, some of which are our sole source of supply for the product or material that we obtain from them. Our suppliers' abilities to meet our requirements could be impaired or interrupted by factors beyond their control, such as earthquakes, hurricanes, monsoons and other geologic, meteorological or natural phenomena, labor strikes and shortages, political unrest, war, terrorism, outbreaks of viral or other epidemics, and global or regional economic downturns. In the event that any one or more of our suppliers is unable or unwilling to deliver us products and we are unable to identify alternative sources of supply for such materials or components, our operations may be adversely affected. In addition, even if we identify any such alternative sources of supply, we could experience delays in testing, evaluating and validating materials or products of potential alternative suppliers or products we obtain through outsourcing. Furthermore, financial or other difficulties faced by our suppliers, or significant changes in demand for the components or materials they use in the products they supply to us, could limit the availability of those products, components or materials to us. Any of these occurrences could negatively impact our operating results and harm our business. If we cannot obtain adequate materials in a timely manner or on favorable terms, our business and financial results could be adversely affected.

Warranty claims, product liability claims and product recalls could harm our business, results of operations and financial condition.

We face an inherent business risk of exposure to warranty and product liability claims in the event that our products fail to perform as expected or such failure of our products results, or is alleged to result, in bodily injury and/or property damage. In addition, if any of our designed products are or are alleged to be defective, we may be required to participate in their recall. As suppliers become more integrally involved in the electrical design, original equipment manufacturers are increasingly expecting them to warrant their products and are increasingly looking to them for contributions when faced with product liability claims or recalls. For example, some of our products are used in automotive safety systems, the failure of which could lead to injury or death. We carry various commercial liability policies, including umbrella/excess policies which provide some protection against product liability exposure. However, a successful warranty or product liability claim against us in excess of our available insurance coverage and established reserves, or a requirement that we participate in a product recall, could have adverse effects on our business results.

Our competitive position could be adversely affected if we are unable to meet customers' quality requirements.

IC suppliers must meet increasingly stringent quality standards, particularly for automotive applications. While our quality performance to date has generally met these requirements, we may experience problems in achieving acceptable quality results in the manufacture of our products, particularly in connection with the production of a new product or adoption of a new manufacturing process. Our failure to achieve acceptable quality levels could adversely affect our business results.

Our dependence on international customers and operations subjects us to a range of regulatory, operational, financial and political risks that could adversely affect our financial results.

For fiscal years 2005, 2006 and 2007, approximately 74.2%, 74.3% and 70.0%, respectively, of our total net sales were to customers outside of the United States. In addition, a substantial majority of our products are assembled and tested at facilities outside of the United States. Global operations of this type pose multiple

risks and challenges that could have a material adverse effect on our business, financial condition and results of operations. These risks and challenges include:

- changes in political, regulatory or economic conditions;
- trade protection measures and price controls;
- import or export licensing requirements;
- currency restrictions;
- differing labor standards;
- differing protection of intellectual property;
- nationalization and expropriation; and
- potentially burdensome taxation and changes in foreign tax laws.

Against this backdrop, armed conflicts around the world from time to time create economic and political uncertainties that could have an adverse impact on the global economy. Escalation of these conflicts could severely impact our operations and demand for our products.

A majority of our products are assembled, tested and finished in Asia, primarily in the Philippines. Any conflict or uncertainty in this region or nation, including public health or safety concerns or natural disasters, could have a material adverse effect on our business, financial condition and results of operations.

To the extent we sell our products in markets outside the United States, currency fluctuations may result in our products becoming too expensive for non-U.S. customers who do not conduct their business in U.S. dollars.

We prepare our consolidated financial statements in U.S. dollars, but a portion of our earnings and expenditures are denominated in other currencies. Changes in exchange rates, therefore, will result in increases or decreases in our costs and earnings, and may also affect the book value of our assets located outside the United States and the amount of our equity.

We may pursue acquisitions and investments in new businesses, products or technologies that involve numerous risks, which could disrupt our business and harm our financial condition.

We have historically not made any acquisitions and we currently have no potential acquisitions under consideration. In the future, however, we may make acquisitions of and investments in new businesses, products and technologies, or we may acquire operations that expand our current capabilities. Acquisitions present a number of potential risks and challenges that could, if not met, disrupt our business operations, increase our operating costs and reduce the value to us of the acquired company. For example, if we identify an acquisition candidate, we may not be able to successfully negotiate or finance the acquisition on favorable terms. Even if we are successful, we may not be able to integrate the acquired businesses, products or technologies into our existing business and products. As a result of the rapid pace of technological change, we may miscalculate the long-term potential of the acquired business or technology, or the acquisition may not be complementary to our existing business. Furthermore, potential acquisitions and investments, whether or not consummated, may divert our management's attention and require considerable cash outlays at the expense of our existing operations. In addition, to complete potential acquisitions, we may issue equity securities, incur debt, assume contingent liabilities or have amortization expenses and write-downs of acquired assets, which could adversely affect our profitability.

We may not be able to effectively manage our growth, and we may need to incur significant expenditures to address the additional operational and control requirements of our growth, either of which could harm our business and operating results.

To continue to grow, we must continue to expand our operational, engineering, accounting and financial systems, procedures, controls and other internal management systems. This may require substantial managerial and financial resources, and our efforts in this regard may not be successful. Our current systems, procedures

and controls may not be adequate to support our future operations. If we fail to adequately manage our growth, or to improve our operational, financial and management information systems, or fail to effectively motivate or manage our new and future employees, the quality of our products and the management of our operations could suffer, which could adversely affect our operating results.

The implementation of a supply chain management system could disrupt our business.

We are in the testing phase of a new supply chain management system that we expect will provide enhanced inventory tracking, cost and production planning capabilities compared to our existing systems. The implementation of this supply chain management system, including the integration with other systems, is a very complex and time consuming process that requires significant financial resources, personnel time and new procedures to ensure that the total system operates efficiently and effectively. Delays or errors in the implementation could result in additional costs and cause disruptions to our business, which could adversely affect our ability to accurately report our financial results or comply with our periodic reporting requirements on a timely basis and could have a material adverse effect on our business, financial condition and operating results.

Our failure to comply with the large body of laws and regulations to which we are subject could have a material adverse effect on our business and operations.

We are subject to regulation by various governmental agencies in the United States and other jurisdictions in which we operate. These laws and regulations (and the government agency responsible for their enforcement in the United States) cover: radio frequency emission regulatory activities (Federal Communications Commission); anti-trust regulatory activities (Federal Trade Commission and Department of Justice); consumer protection laws (Federal Trade Commission); import/export regulatory activities (Department of Commerce); product safety regulatory activities (Consumer Products Safety Commission); worker safety (Occupational Safety and Health Administration); environmental protection (Environmental Protection Agency and similar state and local agencies); employment matters (Equal Employment Opportunity Commission); and tax and other regulations by a variety of regulatory authorities in each of the areas in which we conduct business. In certain jurisdictions, regulatory requirements in one or more of these areas may be more stringent than in the United States.

In the area of environmental protection, we are subject to a variety of federal, state, local and foreign laws relating to the use, disposal, clean up of and exposure to hazardous materials. Any failure by us to comply with environmental, health and safety requirements could result in suspension of production or subject us to future liabilities. In addition, compliance with environmental, health and safety requirements could restrict our ability to expand our facilities or require us to acquire costly pollution control equipment, incur other significant expenses or modify our manufacturing processes. In the event of the discovery of contaminants or the imposition of clean up obligations for which we are responsible, we may be required to take remedial or other measures which could have a material adverse effect on our business, financial condition and results of operations.

In the area of occupational safety and health, in the last few years there has been increased media scrutiny and associated reports focusing on a potential link between working in semiconductor manufacturing clean room environments and certain illnesses, primarily different types of cancers. Regulatory agencies and industry associations have studied the issue over the past decade but have not concluded any specific correlation. Because we utilize these clean rooms, we may become subject to liability claims.

In the area of employment matters, we are subject to a variety of federal, state and foreign employment and labor laws and regulations, including the Americans with Disabilities Act, the Federal Fair Labor Standards Act, the WARN Act and other regulations related to working conditions, wage-hour pay, over-time pay, employee benefits, anti-discrimination, and termination of employment. Noncompliance with any of these applicable regulations or requirements could subject us to investigations, sanctions, enforcement actions, fines, damages, penalties, or injunctions. In certain instances, former employees have brought claims against us and we expect that we will encounter similar actions against us in the future. An adverse outcome in any such

litigation could require us to pay damages, attorneys' fees and costs. These enforcement actions could harm our reputation, business, financial condition and results of operations. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition and results of operations could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees.

Risks Related to Our Relationship with Sanken

As long as Sanken controls us, your ability to influence the outcome of matters requiring stockholder approval will be limited and Sanken's and your interests may conflict.

After the offering, Sanken will own approximately % of our common stock, or approximately % if the underwriters exercise their over-allotment option in full. As long as Sanken has voting control of our company, Sanken will continue to be able to control the election of our directors, determine our corporate and management policies, amend our organizational documents and determine, without the consent of our other stockholders, the outcome of any corporate transaction or other matter submitted to our stockholders for approval. As a result, Sanken will have the ability to influence or control all matters affecting us, including:

- the composition of our board of directors and, through our board of directors, decision-making with respect to our business direction and policies, including the appointment and removal of our officers;
- any determinations with respect to acquisitions of businesses, mergers or other business combinations;
- our acquisition or disposition of assets;
- our capital structure;
- changes to the agreements governing our relationship with Sanken; and
- the payment of dividends on our common stock.

We cannot assure you that the interests of Sanken will coincide with the interests of other holders of our common stock. For example, Sanken could cause us to make acquisitions that increase the amount of our indebtedness or sell income-producing assets. Sanken's voting control may discourage transactions involving a change of control of our company, including transactions in which you, as a holder of our common stock, might otherwise receive a premium for your shares over the then-current market price. Furthermore, Sanken is not prohibited from selling a controlling interest in our company to a third-party without your approval or without providing for a purchase of your shares. Additionally, Sanken may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. Sanken may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. So long as Sanken continues to own a majority of the outstanding shares of our common stock, it will continue to be able to strongly influence or effectively control our decisions.

We may have potential business conflicts of interest with Sanken with respect to our past and ongoing relationships and, because of Sanken's controlling ownership, the resolution of these conflicts may not be favorable to us and could adversely affect our business and financial results.

Conflicts of interest may arise between Sanken and us in a number of areas relating to our past and ongoing relationships, including:

- intellectual property matters;
- sales or distributions by Sanken of all or any portion of its ownership interest in us, which could be to one of our competitors;
- business opportunities that may be attractive to both Sanken and us; and
- competition between Sanken and us.

Several of these potential conflicts and the subject matter to which they pertain are the subject of related-party contracts between Sanken and us that are described below in this prospectus under the heading “Transactions and Arrangements with Sanken and PSI.” Among other provisions, these agreements provide dispute resolution mechanisms for resolving these conflicts. Even though these mechanisms are provided in these related-party contracts, we may not be able to resolve any potential conflicts with Sanken, and, even if we do so, the resolution may be less favorable to us than if we were dealing with an unaffiliated party. Because we are controlled by Sanken, it is possible for Sanken to cause us to amend these agreements on terms that may be less favorable to us than the original terms of the agreement and which could adversely affect our financial results.

Our related-party agreements with Sanken may be less favorable to us than if they had been negotiated with unaffiliated third parties.

We entered into related-party agreements with Sanken while we were a wholly owned subsidiary of Sanken. Had these agreements been negotiated with unaffiliated third parties, they might have been more favorable to us. See “Transactions and Arrangements with Sanken and PSI” for a description of these obligations. Future related-party agreements with Sanken could be less favorable to us than if negotiated with unaffiliated third parties.

Our stock price may decline because of the ability of Sanken and others to sell shares of our common stock.

Sales of substantial amounts of our common stock after this offering, or the possibility of those sales, could adversely affect the market price of our common stock and impede our ability to raise capital through the issuance of equity securities. See “Shares Eligible for Future Sale” for a discussion of possible future sales of our common stock.

After this offering, Sanken will own approximately % of the outstanding shares of our common stock (or % if the underwriters exercise their over-allotment option in full).

Subject to Sanken’s agreement with the underwriters not to sell without their consent during the 180 days after the date of this prospectus, any of the shares of our common stock that it will own following the closing of the offering made by this prospectus and, thereafter, applicable U.S. federal and state securities laws, Sanken may sell any and all of the shares of our common stock that it beneficially owns or distribute any or all of these shares of our common stock to its stockholders. In addition, after the expiration of the 180-day lock-up period following the date of this prospectus, we could issue and sell additional shares of our common stock. Any sale by Sanken or us of our common stock in the public market, or the perception that sales could occur, could adversely affect prevailing market prices for the shares of our common stock.

Our reliance on the controlled company exemption may not provide you with the customary protections available to you under the Nasdaq corporate governance rules.

We intend to rely on the “controlled company” exemption under the Nasdaq listing rules under which we will be exempt from the requirements of having a majority of our board of directors consist of independent directors. Except for the audit committee, none of our other committees, such as the nominating/corporate governance or compensation committees, is expected to be comprised of a majority of independent directors. We intend to rely on the phase-in rules of the SEC and Nasdaq with respect to the independence of our audit committee. These rules permit us to have an audit committee that has one member that is independent upon the effectiveness of the registration statement, a majority of members that are independent within 90 days thereafter, and all members that are independent within one year thereafter. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of Nasdaq’s corporate governance requirements.

Risks Related to this Offering

Our stock price may be volatile, and you may not be able to resell shares of our common stock at or above the price you paid, or at all.

Prior to this offering, our common stock has not been sold in a public market. We cannot predict the extent to which a trading market will develop or how liquid that market might become. The initial public offering price for the shares was determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. The trading price of our common stock could be subject to wide fluctuations due to the factors discussed in this risk factors section and elsewhere in this prospectus. Factors such as variations in our actual or anticipated operating results, changes in or failure to meet earnings estimates of securities analysts, market conditions in the semiconductor industry, regulatory actions and general economic and securities market conditions, among other factors, could cause the market price of our common stock to decline below the initial public offering price. In addition, the stock market in general has, and the Nasdaq Global Select Market and technology companies in particular have, experienced extreme price and volume fluctuations. These trading prices and valuations may not be sustainable. These broad market and industry factors may decrease the market price of our common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against companies that experienced such volatility. This litigation, if instituted against us, regardless of its outcome, could result in substantial costs and a diversion of our management's attention and resources.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Our ability to raise capital in the future may be limited and could prevent us from executing our growth strategy.

We believe that our cash flow from operations and existing cash and cash equivalents will satisfy our anticipated cash requirements for at least the next 12 months. The timing and amount of our working capital and capital expenditure requirements may vary significantly depending on numerous factors, including:

- market acceptance of our products;
- the need to adapt to changing technologies and technical requirements;
- the existence of opportunities for expansion; and
- access to and availability of sufficient management, technical, marketing and financial personnel.

If our capital resources are insufficient to satisfy our liquidity requirements, we may seek to sell additional equity securities or debt securities or obtain debt financing. The sale of additional equity securities or convertible debt securities would result in additional dilution to our stockholders. Additional debt would result in increased expenses and could result in covenants that would restrict our operations. We have not made arrangements to obtain additional financing and there is no assurance that financing, if required, will be available in amounts or on terms acceptable to us, if at all.

New investors in our common stock will experience immediate and substantial dilution in book value after this offering.

The initial public offering price is expected to be substantially higher than the net tangible book value per share of our common stock. If you purchase common stock in this offering, you will incur immediate dilution of

$ in net tangible book value per share of common stock, based on an assumed initial public offering price of $ per share. Investors will incur additional dilution upon the exercise of stock options. See “Dilution.”

Future sales of shares by our stockholders could cause the market price of our common stock to drop significantly, even if our business is doing well.

Immediately after this offering, we will have outstanding shares of common stock. This includes the shares we and Sanken are selling in this offering, which may be resold in the public market immediately. In addition, immediately after this offering 3,052,890 shares of common stock will be issuable upon the exercise of vested employee stock options, subject to the provisions of the lock-up agreements. We expect to file a Form S-8 for the resale of shares issuable upon the exercise of options granted under our employee stock option plans. The table below shows when the shares outstanding immediately after this offering that are not being sold by Sanken (assuming that we and Sanken remain affiliated) and shares issued upon the exercise of vested employee stock options will become available for resale in the public market.

Number of Restricted Shares and Percentage of Total Shares Outstanding Following this Offering	Date of Availability for Resale into the Public Market
	180 days (subject to extension in specified circumstances) after the date of this prospectus due to the release of the lock-up agreement these stockholders have with the underwriters.
	At various points following the 180th day (subject to extension in specified circumstances) after the date of this prospectus, subject to vesting requirements and the requirements of Rule 144 (subject, in some cases, to volume limitations, manner of sale limitations and notice requirements set forth therein), Rule 144(k) or Rule 701 under the Securities Act.
	At various points following the 180th day (subject to extension in specified circumstances) after the date of this prospectus, subject to the requirements of Rule 144 (subject, in some cases, to volume limitation, manner of sale limitations and notice requirements set forth therein) under the Securities Act.

At any time and without public notice, the underwriters may in their sole discretion release all or some of the securities subject to the lock-up agreements. As restrictions on resale end, the market price of our stock could drop significantly if the holders of those shares sell them or are perceived by the market as intending to sell them. These declines in our stock price could occur even if our business is otherwise doing well.

Management may apply our net proceeds from this offering to uses that do not increase our market value or improve our operating results.

We intend to use our net proceeds from this offering for general corporate purposes, including the repayment of a portion of our outstanding term loans, working capital and capital expenditures. We may also use a portion of our net proceeds to acquire or invest in complementary technologies, businesses or other assets. We have not reserved or allocated our net proceeds for any specific purpose, and we cannot state with certainty how our management will use our net proceeds. Accordingly, our management will have considerable discretion in applying our net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether we are using our net proceeds appropriately. We may use our net proceeds for purposes that do not result in any increase in our results of operations or market value. Until the net proceeds we receive are used, they may be placed in investments that do not produce income or that lose value.

Delaware law contains anti-takeover provisions that could discourage a takeover.

Neither our amended and restated certificate of incorporation nor our amended and restated by-laws have any provisions that may have the effect of deterring or delaying attempts by our stockholders to remove or

replace management, engage in proxy contests and effect changes in control. However, we are subject to Section 203 of the Delaware General Corporation Law. Subject to specified exceptions, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time of the transaction in which the person became an interested stockholder without the prior approval of our board of directors or the subsequent approval of our board of directors and our stockholders. "Business combinations" include mergers, asset sales and other transactions resulting in a financial benefit to the "interested stockholder." Subject to various exceptions, an "interested stockholder" is a person who together with his or her affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of deterring or delaying a tender offer or takeover attempt (such as changes in incumbent management, proxy contests or changes in control) that a stockholder may consider in its best interest, including any attempt that may result in a premium over the market price for the shares held by stockholders.

As a public company, we will be required to meet periodic reporting requirements under SEC rules and regulations. Complying with federal securities laws as a public company is expensive and we will incur significant time and expense enhancing, documenting, testing and certifying our internal controls over financial reporting, which could adversely impact our financial results and our stock price.

SEC rules require that, as a publicly-traded company following completion of this offering, we file periodic reports containing our financial statements within a specified time following the completion of quarterly and annual periods. Prior to this offering, we have not been required to comply with SEC requirements to have our financial statements completed and reviewed or audited within a specified time and, as such, we may experience difficulty in meeting the SEC's reporting requirements. Any failure by us to file our periodic reports with the SEC in a timely manner could harm our reputation and reduce the trading price of our common stock.

As a public company we will incur significant legal, accounting, insurance and other expenses. The Sarbanes-Oxley Act of 2002, as well as compliance with other SEC and Nasdaq Global Select Market rules, will increase our legal and financial compliance costs and make some activities more time-consuming and costly. We cannot predict or estimate with precision the amount of additional costs we may incur or the timing of such costs.

Furthermore, once we become a public company, SEC rules require that our chief executive officer and chief financial officer periodically certify the existence and effectiveness of our internal controls over financial reporting.

Under Section 404 of the Sarbanes-Oxley Act of 2002, beginning with our Annual Report on Form 10-K for our fiscal year 2009, management will be required to assess the effectiveness of internal controls over financial reporting and our independent registered public accounting firm will be required to attest to the effectiveness of our internal controls over financial reporting. This process generally requires significant documentation of policies, procedures and systems, review of that documentation by our internal accounting staff and our outside auditors and testing of our internal controls over financial reporting by our internal accounting staff and our outside independent registered public accounting firm. Documentation and testing of our internal controls will involve considerable time and expense, may strain our internal resources and may have an adverse impact on our operating costs. We expect these new rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

Any deficiencies in our financial reporting or internal controls could adversely affect our business and the trading price of our common stock.

As a public company following the completion of this offering, we may, during the course of our testing of our internal controls over financial reporting, identify deficiencies which would have to be remediated to satisfy the SEC rules for certification of our internal controls over financial reporting. As a consequence, we

may have to disclose in periodic reports we file with the SEC significant deficiencies or material weaknesses in our system of internal controls. The existence of a material weakness would preclude management from concluding that our internal controls over financial reporting are effective, and would preclude our independent auditors from issuing an unqualified opinion that our internal controls over financial reporting are effective. In addition, disclosures of this type in our SEC reports could cause investors to lose confidence in our financial reporting and may negatively affect the trading price of our common stock. Moreover, effective internal controls are necessary to produce reliable financial reports and to prevent fraud. If we have deficiencies in our disclosure controls and procedures or internal controls over financial reporting, it could negatively impact our business, results of operations and reputation.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact contained in this prospectus, including statements regarding future events, our future financial performance, business strategy and plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," or "will" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under "Risk Factors" and "Business" that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not rely upon forward-looking statements as predictors of future events. We do not undertake to update our forward-looking statements or risk factors to reflect future events or circumstances except to the extent required by applicable securities laws.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the shares of common stock we are offering will be approximately $ million. We and the selling stockholder have granted the underwriters an option exercisable for 30 days after the date of this prospectus, to purchase, from time to time, in whole or in part, up to an aggregate of shares at the initial public offering price less underwriting discounts and commissions. This option may be exercised if the underwriters sell more than shares in connection with this offering. To the extent that this option is exercised in full, the net proceeds from the shares we sell will be approximately $ million. "Net proceeds" is what we expect to receive after paying the assumed underwriting discount and commissions and other expenses of the offering. We will not receive any proceeds from the sale of shares of common stock by the selling stockholder.

We intend to use our net proceeds for general corporate purposes, including the repayment of a portion of our outstanding term loans, working capital and capital expenditures. These term loans consist of a $3.0 million bank loan due and payable on November 30, 2007 and bearing interest at a fixed rate of 6.416% per annum, and $1.6 million of intercompany loans due and payable during the month of October 2007 to Sanken. We may also use a portion of our net proceeds to acquire or invest in technologies, businesses or other assets that are complementary to our business. Although we have from time to time evaluated possible acquisitions, we currently have no potential acquisitions under consideration, and we cannot assure you that we will make any acquisitions in the future. Until we use our net proceeds of the offering, we intend to invest the funds in United States government securities and other short-term, investment-grade, interest-bearing instruments or high-grade corporate notes. Management will have significant flexibility in applying our net proceeds from this offering.

DIVIDEND POLICY

We have been profitable since fiscal year 2001 and the expansion of our business has been funded primarily through our operating cash flow, bank loans and loans from Sanken. Historically, we have returned a portion of our retained earnings to our stockholder in the form of cash dividends. From fiscal year 2003 through fiscal year 2007, we paid cash dividends of $1 million for each fiscal year to the holder of our common stock. Following this offering, our board of directors will determine annually whether a cash dividend will be paid to stockholders. Our board of directors will consider factors such as our earnings levels, working capital, capital expenditure requirements and overall financial condition in making its determination.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 30, 2007:

- on an actual basis; and
- on an as adjusted basis to give effect to the completion of this offering and the application of the net proceeds of the shares of common stock we are offering as described under "Use of Proceeds."

You should read this table together with "Use of Proceeds," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes appearing elsewhere in this prospectus.

	As of March 30, 2007	
	Actual	As Adjusted
	(in thousands)	
Cash and cash equivalents	$ 13,468	$
Total debt(1)	$ 27,972	$
Stockholders' equity:		
Common stock	25,000	
Additional paid-in capital	51,225	
Retained earnings	69,028	
Accumulated other comprehensive loss	(245)	
Total stockholders' equity	145,008	
Total capitalization	$ 172,980	$

(1) Includes $19,255 (actual and as adjusted) of current portion of total debt.

The foregoing table excludes:

- 3,069,790 shares of common stock issuable upon the exercise of options outstanding as of March 30, 2007 at a weighted average exercise price of $7.27 per share (all such options, to the extent that such options are not currently vested, will vest at the time of this offering according to the provisions of our 2001 Stock Option Plan, pursuant to which no options will be granted following this offering); and
- shares of common stock reserved for issuance under our 2007 Long-Term Incentive Plan.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the as adjusted net tangible book value per share of our common stock immediately upon the completion of this offering. Our net tangible book value on March 30, 2007 was $143.3 million, or a value of approximately $5.73 per share of common stock. Net tangible book value is total book value of tangible assets less total liabilities. After giving effect to adjustments of the sale by us of shares of our common stock in this offering at an assumed initial public offering price of $ per share and our receipt of the estimated net proceeds of this offering, our as adjusted net tangible book value as of March 30, 2007, would have been approximately $ million, or a value of approximately $ per share of common stock. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors in this offering. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Net tangible book value per share as of March 30, 2007	$ 5.73	
Increase per share attributable to new investors	$	
As adjusted net tangible book value per share after this offering		$
Dilution in net tangible book value per share to new investors		$

The following table shows the difference between existing stockholder and new investors with respect to the number of shares purchased from us, the total consideration paid and the average price paid per share. The table assumes the initial public offering price will be $ per share.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholder	25,000,000	%	$ 75,272,000	%	$ 3.01
New investors(1)					
Total		100.0%		100.0%	

(1) The shares to be sold in this offering include shares to be sold by the selling stockholder.

If the underwriters exercise their over-allotment option in full, our existing stockholder would own approximately % and our new investors would own % of the total number of shares of our common stock outstanding after this offering.

The foregoing table excludes:

- 3,069,790 shares of common stock issuable upon the exercise of options outstanding as of March 30, 2007 at a weighted average exercise price of $7.27 per share (all such options, to the extent that such options are not currently vested, will vest at the time of this offering according to the provisions of our 2001 Stock Option Plan, pursuant to which no options will be granted following this offering); and
- shares of common stock reserved for issuance under our 2007 Long-Term Incentive Plan.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data for fiscal years 2005, 2006 and 2007, and as of March 31, 2006 and March 30, 2007, have been derived from our historical consolidated financial statements audited by Ernst & Young LLP, an independent registered public accounting firm, and included elsewhere in this prospectus. The selected consolidated financial data for fiscal years 2003 and 2004 and as of March 28, 2003, March 26, 2004 and March 25, 2005 have been derived from our audited consolidated financial statements, which are not included in this prospectus.

You should read the following selected consolidated financial data in connection with "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our historical consolidated financial statements and the accompanying notes to those consolidated financial statements included elsewhere in this prospectus.

	Fiscal Year Ended				
	March 28, 2003	March 26, 2004	March 25, 2005	March 31, 2006	March 30, 2007
	(in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Net sales	$ 199,717	$ 216,962	$ 227,463	$ 222,694	$ 257,837
Net sales to Sanken	43,449	48,408	54,913	62,361	62,904
Total net sales	243,166	265,370	282,376	285,055	320,741
Cost of goods sold	172,273	176,781	190,028	194,050	207,828
Gross profit	70,893	88,589	92,348	91,005	112,913
Operating expenses:					
Selling, general and administrative	35,078	36,915	39,292	40,926	44,944
Research and development	23,150	28,862	35,239	35,493	38,906
Total operating expenses	58,228	65,777	74,531	76,419	83,850
Operating income	12,665	22,812	17,817	14,586	29,063
Interest expense	(4,681)	(3,250)	(2,642)	(2,638)	(1,942)
Foreign currency transaction gain (loss)	930	339	125	466	(417)
Interest income	435	92	178	333	441
Other	1,039	178	429	1,220	104
Income before income taxes	10,388	20,171	15,907	13,967	27,249
Income tax provision	1,436	1,758	333	2,385	6,149
Minority interest in net income of a subsidiary	—	—	22	24	25
Net income	$ 8,952	$ 18,413	$ 15,552	$ 11,558	$ 21,075
Earnings per share:					
Basic	$ 0.36	$ 0.74	$ 0.62	$ 0.46	$ 0.84
Diluted	$ 0.36	$ 0.73	$ 0.59	$ 0.44	$ 0.81
Weighted average shares outstanding:					
Basic	25,000	25,000	25,000	25,000	25,000
Diluted	25,102	25,348	26,263	26,216	26,178

	As of				
	March 28, 2003	March 26, 2004	March 25, 2005	March 31, 2006	March 30, 2007
			(in thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 10,509	$ 12,675	$ 5,552	$ 3,647	$ 13,468
Working capital(1)	51,943	63,671	69,592	70,031	66,877
Total assets	175,789	189,977	195,473	195,759	212,326
Total debt(2)	63,000	55,732	47,719	39,801	27,972
Total stockholder's equity	77,997	96,521	111,756	122,036	145,008

(1) Excludes cash and cash equivalents and current portion of total debt.
(2) Includes $8,800, $5,033, $15,938, $15,146 and $19,255 of current portion of total debt for the fiscal years 2003, 2004, 2005, 2006 and 2007, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with and is qualified in its entirety by reference to our audited consolidated financial statements and unaudited interim financial statements included elsewhere in this prospectus. Except for the historical information contained herein, the discussions in this section contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed below. See "Risk Factors" and "Information Regarding Forward-Looking Statements" for a discussion of risks and uncertainties.

Overview

We design, develop, manufacture and market magnetic sensor ICs and application-specific analog power semiconductors for the automotive, computer and office automation, communications, consumer and industrial markets. We are a leading provider, in terms of total net sales, of integrated Hall-Effect sensor ICs with applications in each of these markets. Our broad product portfolio of application-specific analog power ICs includes motor drivers and power interface drivers that are used in automotive electronic systems and computer and office automation products, such as printers and LED displays.

We were incorporated in Delaware in 1990 as the company through which Sanken acquired the semiconductor division of Sprague. Our 40 years of experience in the semiconductor industry serves as our foundation for designing and manufacturing magnetic sensor ICs and analog power ICs, and enables our current expansion into the growing field of power management ICs.

We are headquartered in Worcester, MA. We employ both internal and external manufacturing capacity for wafer fabrication, assembly and testing. Most of our wafer requirements are provided by our six-inch wafer fabrication facility in Worcester, MA. In fiscal year 2007, we subcontracted approximately 36.5% of our wafer requirements to a Sanken-owned foundry, PSI, that is located in Bloomington, MN. We use PSI for six- and eight-inch wafer manufacturing and for process development. Wafer probe is performed at our Worcester facility. In fiscal year 2007, approximately 59.1% of our assembly requirements were completed at our facility in the Philippines, with the balance split among four subcontractors. Approximately 97.3% of our test volume was sourced through our Philippines facility or our New Hampshire facility in fiscal year 2007 with the balance covered by several subcontractors.

Our product portfolio includes over 325 Allegro products across a range of high-performance analog and mixed-signal semiconductors, including magnetic sensor ICs, analog power ICs and power management ICs. During fiscal year 2007, we sold our products directly to approximately 140 OEMs, 33 distributors and 49 EMS providers, many of which are leaders in their respective markets. In addition, we also sold our products to a wide range of end customers in Japan through Sanken, our parent company. Our close relationship with Sanken enables us to access a broad base of leading Japanese customers in the automotive, consumer and computer and office automation markets for which we develop advanced products that can be sold worldwide. We provide product design and applications development support to our customers through design and application centers located in the Americas, Asia and Europe.

Our Relationship with Sanken

Prior to this offering, we have been a wholly owned subsidiary of Sanken, a Japanese company. We were formed in 1990 when Sanken acquired the semiconductor division of Sprague in an effort to expand its U.S. operations and strengthen its worldwide semiconductor business.

In addition to currently being our controlling stockholder, Sanken collaborates with us in the areas of marketing and distribution, technology development and manufacturing. We and Sanken are parties to reciprocal product distribution agreements under which Sanken distributes our semiconductor products in Japan and we distribute Sanken's semiconductor products in the Americas. Sanken also provides us with "design-in" assistance in Japan. We are also collaborating with Sanken and PSI, our affiliate, on the development of our next generation of BCD manufacturing process technology.

We expect to continue our collaborative efforts with Sanken in areas such as marketing and distribution, manufacturing, and development of products and manufacturing process technology. Please see “Transactions and Arrangements with Sanken and PSI” for more information on the collaborative arrangements between and among Sanken, PSI and us.

Trends and Factors Affecting Our Business

Our business is impacted by general conditions of the semiconductor industry and seasonal demand patterns in our target end markets. The semiconductor industry is characterized by periods of rapid growth and capacity expansion that are occasionally followed by significant market corrections in which sales decline, inventories accumulate and facilities go underutilized. In addition, certain end markets such as the consumer and computer and office automation markets are subject to both seasonal and cyclical growth patterns tied to holiday purchasing patterns and product innovations. We believe that our focus on the automotive segment of the analog semiconductor industry helps mitigate our susceptibility to the volatile cyclicality of the semiconductor industry.

During periods of expansion, our margins generally improve as fixed costs related to our wafer fabrication and backend facilities are spread over higher manufacturing volumes and unit sales. In addition, we may build inventory to meet increasing market demand for our products during these times, which serves to absorb fixed costs further and increase our gross margins. During an expansion cycle, we may increase capital spending and hiring to add to our production capacity. During periods of slower growth or industry contractions, sales, production and productivity suffer and margins generally decline.

Many of our product lines, especially those linked to the automotive and consumer markets, are subject to competitive pressures that may result in significant reductions in average selling prices from period to period. In order to limit the impact of this price erosion on our margins, we aggressively manage our production costs. Our recent initiatives to shut down our four-inch wafer fabrication line in Worcester, MA and transition production towards eight-inch wafer processes at PSI are examples of these efforts. In addition, to achieve our margin objectives, we may need to redesign particular products to reduce die sizes, improve yields, change packaging, reduce test times, shift production to lower-cost manufacturing locations and migrate to lower-cost processes.

We compete in markets that are subject to technological change and innovation that require us to design new products to maintain or increase our sales. New technology may result in sudden changes in system designs or platform changes that may render some of our products obsolete and require us to devote significant research and development resources to compete effectively. Further, the dynamic aspects of our customers’ markets require us to commit significant research and development resources to develop products even when the commercial success of these products remains uncertain. We address these challenges by developing relationships with customers that are leaders in their respective industries. In addition, we seek to be a sole supplier and we work closely with our significant OEM customers in a number of our target markets to understand their product technology roadmaps so that we can maintain or increase our share in these markets.

The industry trend toward more features and functionality in smaller ICs and packages and at lower cost has resulted in an increase in circuit integration and greater complexity in the design and manufacturing process. To adapt effectively to these trends, we must maintain and develop a broad range of engineering capabilities, including expertise in device modeling, systems-level knowledge and both digital and analog IC design skills. To manage the resource requirements imposed by trends in our industry, we focus our research and development expenditures in areas that enhance our technology leadership and increase the value of our product.

Accelerated Vesting of Our Unvested Options upon the Offering

As of March 30, 2007, there were 3,069,790 options outstanding, of which 2,218,050 were exercisable. Pursuant to the vesting and exercisability provisions of our 2001 Stock Option Plan, upon consummation of this initial public offering of our common stock, all options that were otherwise unvested and/or un-exercisable

will become vested and exercisable (however, these options may still be subject to the lock-up agreement). In accordance with the provisions of SFAS No. 123(R), at the time of this offering when these unvested options become vested, we would recognize all unrecognized compensation costs related to these options. We estimate that the unrecognized compensation cost related to these options will be approximately $2.0 million and will be recorded in the quarter in which this offering is completed. Following this offering, we will not grant any additional options under our 2001 Stock Option Plan.

Description of Our Total Net Sales, Costs and Expenses

Total net sales. Our total net sales are derived from products sold in the automotive, computer and office automation, communications, consumer and industrial markets. All sales to our customers in Japan are transacted through Sanken who acts as our exclusive distributor for this region. Sanken purchases our product at a discount from the end customer price resulting in compensation to them as distributor that is within the range consistent with industry norms and practices. In addition to sales of our own products, a portion of our total net sales includes the sale of certain Sanken products in the Americas. We purchase Sanken products at a discount from the end customer price resulting in compensation to us as distributor that is within the range consistent with industry norms and practices.

We sell our products to OEMs, EMSs and distributors. Typically, EMSs purchase products from us based on sourcing decisions made by OEMs and they generally do not have discretion to replace our product with one from another supplier due to systems requirements. Our OEM and EMS customers incorporate our ICs into their electronic systems/assemblies that become part of products, such as automobiles, cell phones and office equipment that are sold to consumers or commercial end users.

Our sales cycle for existing products varies substantially, ranging from a period of three to six months to as long as three years. For new products, the time to revenue from design initiation could be as long as four years. All new products are subjected to rigorous qualification procedures by both us and our customers. Volume production for new products does not begin until the successful completion of development and customer qualification. In addition, volume production is contingent upon the successful roll out and acceptance of our customer's end products.

A substantial portion of our total net sales for each fiscal quarter is derived from sales to customers that purchase large volumes of our products. These customers generally provide periodic forecasts of their requirements, but these forecasts do not commit such customers to minimum purchases and customers generally revise these forecasts without penalty. In addition, customers are generally permitted to cancel orders for our products that have scheduled ship dates beyond 45 days.

While our quarterly seasonal net sales patterns have varied over the last five fiscal years, we generally experience higher growth in net sales in our first two fiscal quarters followed by slower or flat net sales during our third and fourth fiscal quarters. We believe that this sales pattern is driven by seasonal purchasing patterns in consumer products, such as cell phones, office equipment and automobiles.

During fiscal year 2007, we sold our products directly to approximately 140 OEMs, 33 distributors and 49 EMSs, many of which are leaders in their respective markets. In addition, we also sold our products to a wide range of end customers in Japan through Sanken, our parent company. In fiscal year 2007, our top 10 OEM customers (whether sold directly or indirectly through EMSs, distributors or Sanken) accounted for 41.7% of our total net sales and no single OEM customer accounted for more than 6.7% of our total net sales during such period. Our product portfolio includes over 325 Allegro products across a range of high-performance analog and mixed-signal semiconductors including magnetic sensor ICs, analog power ICs and power management ICs. In many cases, these products are customized to meet the requirements of our customers. In addition, we sell over 400 Sanken products in the Americas under our reciprocal product distribution agreement with Sanken.

Cost of goods sold. Cost of goods sold consists primarily of the costs associated with the manufacture and purchase of semiconductor wafers and the cost of assembling and testing our products. The cost of manufacturing wafers in our own wafer fabrication facility consists primarily of the cost of raw wafers, gases

and chemicals, depreciation, repair and maintenance, labor and other overhead costs, including facilities, engineering, quality control and IT services. For fiscal year 2007, approximately 36.5% of our wafer requirements were subcontracted to PSI. The cost of these wafers includes the purchase price and shipping costs that we pay for completed wafers. Cost of goods sold also includes the cost of assembling our die into various packages. In fiscal year 2007, we assembled approximately 59.1% of our product at our facility in the Philippines and we used four subcontractors to source the rest of our assembly requirements. Included in the cost of goods sold are the costs of internal assembly including epoxy, lead frames, gold wire, magnets, labor, depreciation, repair and maintenance and other overhead costs. The cost of subcontracted assembly includes the purchase cost and freight. In fiscal year 2007, approximately 97.3% of our volume was tested at our Philippines facility or our New Hampshire facility with the balance covered by several subcontractors. Nearly all of our sensor automotive assembly is conducted at our Philippines facility. The cost of goods sold related to test consists primarily of labor, depreciation, repair and maintenance, shipping supplies and overhead costs. We also review our inventories for indications of excess and/or obsolescence and provide reserves as we deem necessary. Cost of goods sold also includes the purchase cost for Sanken products that we resell.

Selling, general and administrative. Our selling expense consists primarily of compensation and associated costs for sales and marketing personnel, sales commissions paid to our independent sales representatives, costs of advertising, trade shows, corporate marketing, promotion, travel related to our sales and marketing operations, related occupancy and equipment costs and other marketing costs. Our general and administrative expenses consists primarily of compensation and associated costs for executive management, finance and other administrative personnel, patent expenses, legal fees, outside professional fees, allocated facilities costs and other corporate expenses.

Research and development. Research and development expenses consist primarily of personnel costs of our research and development organization, costs of development wafers and masks, license fees for computer-aided design software, costs of development testing and evaluation, costs of developing automated test programs, and related occupancy and equipment costs. While most of the costs incurred are for new product development, a significant portion of these costs are focused on process technology development, and to a lesser extent package development. Research and development expenses also include technology development payments made to PSI and other third-party subcontractors. We expense all research and development costs as incurred.

Backlog

Our backlog at March 30, 2007 was approximately $78.2 million, down from approximately $89.0 million at March 31, 2006. We define backlog as firm orders that are scheduled for shipment. A portion of the decrease in backlog year over year is the result of the change by a number of our customers to a vendor managed inventory system in which inventories are consigned to customers to draw from as needed. For these kinds of shipments, no pre-ordering occurs. Thus, no order backlog is recorded for these customers. During periods of depressed demand, customers tend to rely on shorter lead times available from suppliers, including us. During periods of increased demand, there is a tendency towards longer lead times that have the effect of increasing backlog and, in some instances, we may not have sufficient manufacturing capacity to fulfill all orders. In addition, customers are generally permitted to cancel orders for our products for which the scheduled shipment date is more than 45 days from the date of cancellation. Accordingly, our backlog at any time should not be used as an indication of future sales.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty. On an ongoing basis we re-evaluate our judgments and estimates including those related to uncollectible accounts receivable, inventories, intangible assets, income taxes and stock-based compensation. We base our estimates and judgments on our

historical experience and on other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates, and material effects on our operating results and financial position may result. The accounting policies described below are those which, in our opinion, involve the most significant application of judgment, or involve complex estimation, and which could, if different judgments or estimates were made, materially affect our reported results of operations.

Revenue recognition. We recognize revenue in accordance with SEC Staff Accounting Bulletin No. 104, *Revenue Recognition in Financial Statements* . We recognize revenue from sales of our products to OEM and EMS customers and distributors when title passes, which is generally upon transfer of the products to a common carrier, provided, that, there are no uncertainties regarding customer acceptance, there is persuasive evidence of an arrangement, the fee is fixed or determinable and the collectibility of the related receivable is reasonably assured. We also establish reserves for product returns and allowances for OEM and EMS customers and distributors based on our historical experience or specific identification of an event that necessitates a reserve.

Allowance for doubtful accounts. We work to mitigate our credit risks with respect to accounts receivable through our credit evaluation policies, reasonably short payment terms and geographical dispersion of sales. We continuously perform credit evaluations of our customers' financial conditions. While we generally do not require customers to provide us with any collateral, we may require customers to provide us with letters of credit in certain circumstances. In addition, we maintain a reserve for potential credit losses based upon the age of our accounts receivable balances, known collectibility issues and our historical experience with losses. In the event that we determine that a customer may not be able to fulfill its obligations in its entirety, we record a specific allowance to reduce the related receivable to an amount that we expect to recover based on the information that we have on such customer at such time.

Inventory valuation. Inventory is stated at the lower of cost (first-in, first-out method) or market. We establish inventory reserves when conditions exist that suggest that inventory may be in excess of anticipated demand or is obsolete based upon assumptions about future demand for products and market conditions. We regularly evaluate our ability to realize the value of inventory based on a combination of factors, including historical usage rates, forecasted sales or usage and product end of life dates. Assumptions used in determining our estimates of future product demand may prove to be incorrect, in which case the provision required for excess and obsolete inventory would have to be adjusted in the future. Although we perform a detailed review of our forecasts of future product demand, any significant unanticipated changes in demand could have a significant impact on the value of our inventory and reported operating results.

Long-lived assets. We review property, plant and equipment and indefinite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of assets that we have recorded may not be recoverable. Recoverability of these assets is measured by comparing their carrying amount to the future undiscounted cash flows the assets are expected to generate over their remaining economic lives. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair market value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. If such assets are not impaired, but their useful lives have decreased, the remaining net book value is amortized over the revised useful life. Evaluating impairment requires a judgment by our management to estimate future operating results and cash flows. If different estimates were used, the amount and timing of asset impairments could be affected. We charge impairments of long-lived assets to operations if our evaluations indicate that the carrying values of these assets are not recoverable.

Stock-based compensation. Through March 31, 2006, we had accounted for our share-based payments to employees using the intrinsic value method prescribed by the Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees* (APB Opinion No. 25), and related interpretations. Under the intrinsic value method, compensation expense is measured on the date of the grant as the difference between the deemed fair value of our common stock and the exercise or purchase price multiplied by the

number of share-based payments granted. We did not record any stock-based compensation expense under the provision of APB Opinion No. 25 prior to fiscal year 2007.

Effective April 1, 2006, we adopted the fair value recognition provisions of SFAS No. 123(R), using the modified-prospective-transition method. Under this transition method, compensation cost is recognized beginning with the effective date (1) for all share-based payments granted prior to the effective date of SFAS No. 123(R), but not yet vested, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123 and (2) compensation cost for all share-based payments granted subsequent to the effective date, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). In accordance with the modified-prospective method of adoption, the results of operations and financial position for prior periods have not been restated. We used the straight-line attribution method to recognize expense for all stock-based awards prior to the adoption of SFAS No. 123(R), and we have elected to continue to apply this attribution method upon the adoption of SFAS No. 123(R) to recognize expense for stock-based awards granted after April 1, 2006.

According to the provisions of SFAS No. 123(R), compensation cost related to stock options is based on the fair value of the stock option award on the date of grant. The fair value of the stock option award is then amortized on a straight-line basis over the vesting period to recognize compensation expense. We use the Black-Scholes valuation model to determine the fair value of our stock option awards at the date of grant. The Black-Scholes valuation model requires us to estimate key assumptions such as expected term, volatility, dividend yields and risk free interest rates that determine fair value. In addition, SFAS No. 123(R) requires forfeitures to be estimated at the time of grant. In subsequent periods, if actual forfeitures differ from the estimate, the forfeiture rate may be revised. We estimate forfeitures based on our historical activity and we believe these forfeiture rates to be indicative of our expected forfeiture rate. If actual results are not consistent with our assumptions and judgments used in estimating the key assumptions, we may be required to increase or decrease compensation expense or income tax expense, which could be material to our results of operations.

Since we are not able to use public trading history to estimate the volatility of our common stock because our common stock has not been traded publicly, we have utilized a seven year rolling average volatility of the Philadelphia Semiconductor Index to estimate the volatility of our common stock. We believe that the entities that comprise this index are comparable to us in most significant respects. The expected volatility for options granted during fiscal year 2007 was 45.5%. The expected term for options granted during fiscal year 2007 was 7.5 years based on the shortcut method described in SEC's Staff Accounting Bulletin No. 107. For fiscal year 2007, the risk-free interest rate used was 4.8% based on the yield on the zero-coupon U.S. Treasury securities with commensurate maturities. The expected dividend yield was calculated from the annual cash dividend, declared by our board of directors, expressed on a per share basis, divided by the estimated fair market value per share of our common stock as determined by valuation studies. The expected dividend yield used for options granted for fiscal year 2007 was 0.33%. Cash dividends are not paid on options.

The amount of stock-based compensation recognized during a period is based on the value of the awards that are expected to vest. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered stock-based award. We currently expect, based on an analysis of our historical forfeitures, that approximately 79.4% of our stock-based awards will vest, and therefore, we have applied an annual forfeiture rate of 7.6% to all unvested stock-based awards as of March 30, 2007. The 7.6% represents the portion that is expected to be forfeited each year over the vesting period; therefore, the cumulative amount, on a compounded basis, that is expected to be forfeited is approximately 20.6% of the aggregate stock-based awards. Our forfeiture analysis will be reevaluated quarterly, and the forfeiture rate adjusted as necessary. The actual expense that will be recognized over the vesting period will only be for those shares that vest.

Prior to this offering, there has been no public market for our common stock and in connection with our grant of stock options, our board of directors, with input from management, determined the fair value of our common stock. The fair value of the common stock was determined contemporaneously with option grants on an annual basis. The fair value was determined using an average of the discounted cash flow form of the

income approach, the guideline public company method and comparable transactions method of the market approach. The discounted cash flow approach involves applying appropriate risk-adjusted discount rates of approximately 17.8% to estimated debt-free cash flows, based on forecasted revenues and costs. The projections used in connection with this valuation were based on our expected operating performance over the forecast period. There is inherent uncertainty in these estimates; if different discount rates or assumptions had been used, the valuation would have been different. The guideline public company method estimates the fair value of a company by applying to the company market value multiples, in this case of earnings before interest, taxes, depreciation and amortization, observed for publicly traded firms in similar lines of business. The comparable transaction method of the market approach estimates the fair value of a company based upon comparable companies that have been bought and sold in the public marketplace. The fair value of our common stock was determined from the mid-point of the value ranges provided by each of the three described valuation methods with a 15.0% discount applied to account for the lack of marketability of the common stock.

We have incorporated the fair values determined in the contemporaneous valuation into the Black-Scholes option pricing model when calculating the compensation expense to be recognized for the stock options granted during fiscal year 2007.

Since April 1, 2006, we have granted stock options with exercise prices as follows:

Grant Date	Number of Options Granted	Weighted Average Exercise Price	Weighted Average Fair Value of Common Stock
April 25, 2006	5,000	$ 11.90	$ 11.90
May 1, 2006	5,000	12.13	12.16
June 6, 2006	1,500	12.13	12.16
June 26, 2006	7,100	12.13	12.16
June 27, 2006	6,000	12.13	12.16
August 1, 2006	58,900	12.13	12.16
August 3, 2006	9,000	12.13	12.16
August 9, 2006	49,700	12.13	12.16
August 21, 2006	500	12.13	12.16
August 30, 2006	10,000	12.13	12.16
September 5, 2006	4,000	12.13	12.16
September 11, 2006	2,000	12.13	12.16
September 26, 2006	3,600	12.13	12.16
October 2, 2006	56,000	12.13	12.16
October 9, 2006	15,000	12.13	12.16
November 15, 2006	2,000	12.13	12.16
November 27, 2006	1,500	12.16	12.16
January 2, 2007	5,000	12.16	12.16
January 8, 2007	4,000	12.16	12.16
February 5, 2007	2,000	12.16	12.16

Prior to the adoption of SFAS No. 123(R), on March 28, 2006, we accelerated the vesting of all unvested stock options awarded to employees during the time period of April 2004 through May 2005 that had exercise prices of $12.20 per share. Unvested options to purchase 222,500 shares became exercisable as a result of the vesting acceleration. Because the exercise price of all the modified options was greater than the market price of our underlying common stock on the date of the modification, no stock-based compensation expense was recorded in the consolidated statement of operations, in accordance with APB Opinion No. 25. The primary purpose for modifying the terms of these out-of-the-money stock options to accelerate their vesting was to eliminate the need to recognize the remaining unrecognized non-cash compensation expense in the statement

of income associated with these options as measured under SFAS No. 123, because the approximately $1,105,000 of future expense associated with these options would have been disproportionately high compared to the economic value of the options at the date of modification.

Income taxes. We provide for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes.* SFAS No. 109 recognizes tax assets and liabilities for the cumulative effect of all temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities, and are measured using the enacted tax rates that will be in effect when these differences are expected to reverse. The tax consequences of most events recognized in the current fiscal year's financial statements are included in determining income taxes currently payable. However, because tax laws and financial accounting standards differ in their recognition and measurement of assets, liabilities, equity, net sales, expenses, gains and losses, differences arise between the amount of taxable income and pretax financial income for a year and the tax basis of assets or liabilities and their reported amounts in the financial statements. Because we assume that the reported amounts of assets and liabilities will be recovered and settled, respectively, a difference between the tax basis of an asset or a liability and its reported amount in the balance sheet will result in a taxable or a deductible amount in some future years when the related assets or liabilities are settled or the reported amount of the assets are recovered, hence giving rise to a deferred tax asset or liability. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We consider the undistributed foreign earnings of our foreign subsidiaries to be indefinitely reinvested and, as such, we do not provide U.S. income tax on such undistributed earnings.

Results of Operations

The following tables set forth, for the periods indicated, selected statement of operations data in dollar amount and expressed as a percentage of our total net sales:

	Fiscal Year Ended					
	March 25, 2005		March 31, 2006		March 30, 2007	
	(in thousands, except for percentages)					
Net sales	$ 227,463	80.6%	$ 222,694	78.1%	$ 257,837	80.4%
Net sales to Sanken	54,913	19.4	62,361	21.9	62,904	19.6
Total net sales	282,376	100.0	285,055	100.0%	320,741	100.0%
Cost of goods sold	190,028	67.3	194,050	68.1	207,828	64.8
Gross profit	92,348	32.7	91,005	31.9	112,913	35.2
Operating expenses:						
Selling, general and administrative	39,292	13.9	40,926	14.4	44,944	14.0
Research and development	35,239	12.5	35,493	12.4	38,906	12.1
Total operating expenses	74,531	26.4	76,419	26.8	83,850	26.1
Operating income	17,817	6.3	14,586	5.1	29,063	9.1
Interest expense	(2,642)	(0.9)	(2,638)	(0.9)	(1,942)	(0.6)
Foreign currency transaction gain (loss)	125	—	466	0.2	(417)	(0.1)
Interest income	178	0.1	333	0.1	441	0.1
Other	429	0.2	1,220	0.4	104	—
Income before income taxes	15,907	5.6	13,967	4.9	27,249	8.5
Income tax provision	333	0.1	2,385	0.8	6,149	1.9
Minority interest in net income of a subsidiary	22	—	24	—	25	—
Net income	$ 15,552	5.5%	$ 11,558	4.1%	$ 21,075	6.6%

Comparison of Fiscal Year 2007 to Fiscal Year 2006

Total net sales. Our total net sales increased $35.7 million, or 12.5%, to $320.7 million in fiscal year 2007 from $285.0 million in fiscal year 2006. This increase was attributable to a $34.4 million, or 13.1%, increase in Allegro product sales and a $1.3 million, or 5.7%, increase in Sanken product sales. The increase in Allegro product sales was due to strong gains in all product lines.

Cost of goods sold and gross profit. The cost of goods sold increased $13.8 million, or 7.1%, to $207.8 million in fiscal year 2007 from $194.1 million in fiscal year 2006. The increase in the cost of goods sold was attributable to increased Allegro product sales volumes and increased purchase costs for Sanken products on higher Sanken product sales. Gross profit in fiscal year 2007 increased $21.9 million to $112.9 million from $91.0 million in fiscal year 2006. Our gross margin increased to 35.2% in fiscal year 2007 from 31.9% in fiscal year 2006 primarily due to higher sales, better product mix, higher utilization of our wafer fabrication line in the Worcester facility, lower foundry wafer costs and product transfers to lower-cost manufacturing facilities.

Selling, general and administrative. Selling, general and administrative expenses increased $4.0 million, or 9.8%, to $44.9 million in fiscal year 2007, from $40.9 million in fiscal year 2006, and represented 14.0% of our total net sales in fiscal year 2007 compared to 14.4% in fiscal year 2006. The increase in our selling, general and administrative expenses was primarily attributable to a $2.5 million increase in compensation costs, including stock option expense, a $0.6 million increase in sales commissions and a $0.6 million increase in legal expenses.

Research and development. Research and development expenses increased $3.4 million, or 9.6%, to $38.9 million in fiscal year 2007 from $35.5 million in fiscal year 2006. Research and development represented 12.1% of our total net sales in fiscal year 2007 down from 12.4% of total net sales in fiscal year 2006. The increase in our research and development expense was primarily due to a $1.7 million increase in contracted process development costs, a $1.0 million increase in employee-related compensation costs, including stock option expense and a $0.7 million increase in tape-out costs related to new product development.

Operating income. Operating income increased $14.5 million, or 99.3%, to $29.1 million in fiscal year 2007 from $14.6 million in fiscal year 2006. The increase in operating income is attributable to a 12.5% increase in total net sales, and a 3.3% improvement in gross margin percentage, which were partially offset by moderate increases in operating expenses. The operating margin percentage increased 4.0% in fiscal year 2007, to 9.1%, from 5.1% in fiscal year 2006.

Interest income, interest expense, currency and other income. Interest expense declined by $0.7 million to $1.9 million in fiscal year 2007 from $2.6 million in fiscal year 2006 due to an $11.9 million repayment of long-term debt. We recorded a foreign currency transaction loss of $0.4 million in fiscal year 2007 compared to a $0.5 million gain in fiscal year 2006. The currency loss recorded in fiscal year 2007 was primarily due to realized/unrealized losses on foreign currency denominated transactions of our UK subsidiary. The currency gains recorded in fiscal year 2006 were primarily attributable to the appreciation of the local functional currency of our Philippine subsidiary relative to the U.S. dollar. Other income decreased by $1.1 million to $0.1 million in fiscal year 2007 from $1.2 million in fiscal year 2006. Other income in fiscal year 2006 benefited from the recording of a $0.5 million utility rebate, a $0.3 million asset sale gain and a $0.1 million insurance rebate.

Income tax provision. Income tax provision increased $3.8 million, to $6.1 million in fiscal year 2007, from $2.4 million in fiscal year 2006, representing an effective tax rate of 22.6% in fiscal year 2007 and 17.1% in fiscal year 2006. The increase in the effective tax rate in fiscal year 2007 was due to lower research and development expense and extraterritorial income exclusion (ETI) benefits in relation to the increase in pre-tax income, as well as permanent booked-to-tax differences in deductibility of incentive stock option expense.

Net income. Net income increased $9.5 million, or 82.3%, to $21.1 million in fiscal year 2007 from $11.6 million in fiscal year 2006. The increase in net income in fiscal year 2007 was attributable to higher sales, improvement in gross margins and a higher return on sales for our operating expenses.

Comparison of Fiscal Year 2006 to Fiscal Year 2005

Total net sales. Our total net sales increased $2.7 million, or 1.0%, to $285.0 million in fiscal year 2006 from $282.4 million in fiscal year 2005. This increase was attributable to a $13.8 million, or 5.6%, increase in sales of Allegro products, which were partially offset by a decrease of $11.1 million, or 32.4%, in Sanken product sales. The increase in Allegro product sales was due to strong sales of Hall-Effect speed and position sensors in automotive applications and the extra fiscal week in fiscal year 2006. The decrease in Sanken product sales was due to lower sales in cathode ray tube television applications.

Cost of goods sold and gross profit. Cost of goods sold increased $4.1 million, or 2.2%, to $194.1 million in fiscal year 2006 from $190.0 million in fiscal year 2005. This increase in cost of goods sold was attributable to increased sales volumes of our products and increased utility costs, which were partially offset by a decrease in purchase cost for Sanken products. The $3.7 million increase in utility costs resulted from the expiration of a favorable three-year utility contract at the end of fiscal year 2005 and from significant increases in power and fuel rates during fiscal year 2006. Gross profit in fiscal year 2006 declined by $1.3 million to $91.0 million from $92.3 million in fiscal year 2005 due to increases in utility costs and declines in Sanken product sales. Our gross margin decreased to 31.9% in fiscal year 2006 from 32.7% in fiscal year 2005.

Selling, general and administrative. Selling, general and administrative expenses increased $1.6 million, or 4.2%, to $40.9 million in fiscal year 2006, from $39.3 million in fiscal year 2005, and represented 14.4% of our total net sales in fiscal year 2006 compared to 13.9% in fiscal year 2005. This increase in selling, general and administrative expenses was primarily attributable to an $1.0 million increase in employee profit sharing payments and a $0.8 million increase in bad debt expense.

Research and development. Research and development expenses increased $0.3 million, or 0.9%, to $35.5 million in fiscal year 2006 from $35.2 million in fiscal year 2005. Research and development expenses represented 12.5% of our total net sales in fiscal year 2006 and was nearly unchanged from the same figure in fiscal year 2005. The small increase in our research and development expenses was primarily due to increased depreciation related to our test development equipment.

Operating income. Operating income decreased $3.2 million, or 18.1%, to $14.6 million in fiscal year 2006 from $17.8 million in fiscal year 2005. The decrease in operating income was attributable to an 0.8% decline in gross margin, which was due to moderate increases in operating expenses and nearly flat sales during fiscal year 2006. The operating margin decreased 1.2% in fiscal year 2006, to 5.1%, from 6.3% in fiscal year 2005.

Interest income, interest expense, currency and other income. Interest expense in fiscal year 2006 was $2.6 million, nearly unchanged from fiscal year 2005. We recorded a foreign currency transaction gain of $0.5 million in fiscal year 2006 compared to a $0.1 million gain in fiscal year 2005. The currency gain recorded in fiscal year 2006 was primarily due to the appreciation of the local currency of our Philippine subsidiary. Other income increased by $0.8 million to $1.2 million in fiscal year 2006 from $0.4 million in fiscal year 2005. Other income in fiscal year 2006 benefited from a $0.5 million utility rebate, a $0.3 million asset sale gain and a $0.1 million insurance rebate.

Income tax provision. Income tax provision increased $2.1 million, to $2.4 million in fiscal year 2006, from $0.3 million in fiscal year 2005, representing an effective tax rate of 17.1% in fiscal year 2006 and 2.1% in fiscal year 2005. The effective tax rate increased to 17.1% in fiscal year 2006 from 2.1% in fiscal year 2005, as the income tax provision in fiscal year 2005 included a benefit from ETI credits related to prior fiscal years. No such benefit pertaining to prior fiscal years was recorded in the fiscal year 2006 income tax provision.

Net income. Net income decreased $4.0 million, or 25.6%, to $11.6 million in fiscal year 2006 from $15.6 million in fiscal year 2005. The decrease in net income in fiscal year 2006 was attributable to the decline in operating income following increases in energy costs, bad debt expense and incentive payments on nearly constant sales. In addition, the income tax provision increased substantially over the tax provision in fiscal year 2005, which benefited from significant ETI tax credits.

Selected Quarterly Results

The following table presents certain unaudited quarterly financial information for our last eight fiscal quarters on a historical basis. The unaudited interim condensed consolidated financial information contained herein has been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, includes all adjustments, consisting of only normal recurring adjustments that we consider necessary to fairly present such information when read together with the audited consolidated financial statements and related notes thereto appearing elsewhere in this prospectus.

	Fiscal Quarter Ended							
	Jun 24, 2005	Sep 30, 2005	Dec 30, 2005	Mar 31, 2006	Jun 30, 2006	Sep 29, 2006	Dec 29, 2006	Mar 30, 2007
	(unaudited) (in thousands)							
Total net sales	$ 68,491	$ 67,329	$ 73,298	$ 75,937	$ 78,705	$ 82,539	$ 80,224	$ 79,273
Cost of goods sold	47,479	45,249	49,977	51,345	50,965	52,921	52,682	51,260
Gross profit	21,012	22,080	23,321	24,592	27,740	29,618	27,542	28,013
Operating expenses:								
Selling, general and administrative	9,909	9,521	10,265	11,231	11,475	10,219	11,291	11,959
Research and development	8,943	8,446	9,146	8,958	9,672	9,297	9,450	10,487
Total operating expenses	18,852	17,967	19,411	20,189	21,147	19,516	20,741	22,446
Operating income	2,160	4,113	3,910	4,403	6,593	10,102	6,801	5,567
Interest expense	(676)	(690)	(629)	(643)	(600)	(514)	(457)	(371)
Foreign currency transaction gain (loss)	(395)	61	239	561	(285)	(83)	(185)	136
Interest income	81	94	85	73	49	146	135	111
Other	52	386	195	587	115	151	85	(247)
Income before income taxes	1,222	3,964	3,800	4,981	5,872	9,802	6,379	5,196
Income tax provision	354	1,170	267	594	1,908	2,991	318	932
Minority interest in net income of a subsidiary	6	6	6	6	6	6	6	7
Net income	$ 862	$ 2,788	$ 3,527	$ 4,381	$ 3,958	$ 6,805	$ 6,055	$ 4,257

Our quarterly total net sales and operating results have fluctuated in the past and may continue to vary from quarter to quarter due to a number of factors, many of which are not within our control. Factors that can contribute to fluctuations in our operating results include:

- the rescheduling, increase, reduction or cancellation of significant customer orders;
- the timing of customer qualification of our products and commencement of volume sales by our customers of systems that include our products;
- the rate at which our present and future customers and end users adopt our technologies in our target end markets;

- the timing and success of the introduction of new products and technologies by us and our competitors, and the acceptance of our new products by our customers;
- our gain or loss of one or more key customers;
- the availability, cost, and quality of materials and components that we purchase from third-party vendors and any problems or delays in the fabrication, assembly, testing or delivery of our products;
- the utilization of our internal manufacturing operations;
- the changes in our product mix or customer mix;
- the quality of our products and any remediation costs; and
- the general industry conditions and seasonal patterns in our target end markets.

Quarterly total net sales have fluctuated over the past eight fiscal quarters but generally have increased year to year. Sales declined in the fiscal quarter ended September 30, 2005 primarily due to lower sales of power interface products and Sanken products. The sales increase in the fiscal quarter ended December 30, 2005 was primarily due to higher sales of motor driver ICs in printer applications and higher shipments of automotive speed sensors. The increase in total net sales seen in the fiscal quarter ended March 31, 2006 was primarily due to the extra fiscal week in such fiscal quarter. On an adjusted basis, sales in the fiscal quarter ended March 31, 2006 declined, relative to the prior fiscal quarter, by approximately 1.3% primarily due to slower sales of motor driver ICs and power interface ICs.

In the fiscal quarter ended June 30, 2006, sales increased primarily due to higher Sanken product sales and higher shipments of position sensors in handset applications. The sequential increase in sales for the fiscal quarter ended September 29, 2006 was primarily due to increased shipments of motor driver ICs for printer applications, ICs for video applications and smoke detector ICs, which more than offset a $1.7 million decrease in Sanken product sales. The decrease in Sanken product sales in the fiscal quarter ended September 29, 2006 resulted from Sanken assuming responsibility for the distribution of its products in Europe. The subsequent decrease in sales in the fiscal quarter ended December 29, 2006 was primarily due to a decrease in Sanken product sales for accounts in the Americas and a decrease in power interface IC product sales for video applications. The decrease in total net sales in the fiscal quarter ended March 30, 2007 was primarily due to seasonally lower shipments of motor driver ICs for printer applications.

Our gross margin generally improved over the eight fiscal quarters ended March 30, 2007, but was subject to fluctuation from fiscal quarter to fiscal quarter. For example, our gross margin increased from 30.7% in the fiscal quarter ended June 24, 2005 to 32.4% in the fiscal quarter ended March 31, 2006. The improvement in gross margin during this period was largely due to higher factory utilization and higher sales. The gross margin in the fiscal quarter ended June 30, 2006 increased to 35.2% before decreasing to 34.3% in the fiscal quarter ended December 29, 2006, and ending the fiscal year at 35.3% for the fiscal quarter ended March 30, 2007. Gross margins in fiscal year 2007 benefited from higher factory utilization during the first half of fiscal year 2007 as inventory was built to satisfy last time buys for discontinued products from our four-inch wafer fabrication line that was shutdown in July 2006. In addition, gross margins in fiscal year 2007 benefited from higher sales and an improved product mix.

During fiscal year 2006, selling, general and administrative expenses varied between $9.5 million in the fiscal quarter ended September 30, 2005 to $11.2 million in the fiscal quarter ended March 31, 2006. The increase in selling, general and administrative expenses in the fiscal quarter ended March 31, 2006 was primarily due to higher sales commissions, compensation expenses associated with the extra fiscal week and accruals for employee profit sharing. During fiscal year 2007, selling, general and administrative expenses fluctuated between $10.2 million in the fiscal quarter ended September 29, 2006 and $12.0 million in the fiscal quarter ended March 30, 2007. The decrease in selling, general and administrative expenses observed for the fiscal quarter ended September 29, 2006 was due in part to $0.4 million refund of payroll taxes recognized by our European sales center, a $0.4 million reversal of bad debt expense and a $0.2 million decrease in commission expenses. The increase in selling, general and administrative expenses in the fiscal

quarter ended March 30, 2007 was primarily due to increased compensation costs related to headcount additions in Asia sales support offices and marketing functions.

Fluctuations in research and development expenses are primarily the result of variations in the level of tape-out costs related to new product development in any given fiscal quarter. In addition, any new process development programs requiring technology payments will cause our research and development expenses to fluctuate by fiscal quarter. During fiscal year 2006, our research and development expenses fluctuated between $8.4 million in the fiscal quarter ended September 30, 2005 to $9.1 million in the fiscal quarter ended December 30, 2005. Despite the extra fiscal week in the fiscal quarter ended March 31, 2006, research and development expenses declined slightly from the previous quarter primarily due to reduced tape-out expenses. Research and development expenses increased in the fiscal quarter ended June 30, 2006 primarily due to an increase in contracted process development costs and an increase in tape-out expenses. The increase in research and development expenses in the fiscal quarter ended March 30, 2007 was primarily due to a one-time payment to PSI to license certain technology, an increase in contracted process development costs and an increase in tape-out costs for new product development.

The quarterly income tax provision is determined by the effective tax rate, which fluctuates due to the timing in the recognition of the permanent book provision to tax return differences and changes in our estimates of other items that determine the effective tax rate for the current fiscal year. We typically file our tax returns for the prior fiscal year in our third fiscal quarter ending in December. During this quarter we may adjust our estimates of our effective tax rate based on identified differences between the taxes owed for the prior fiscal year and the related book provision. In both fiscal years 2006 and 2007, the effective tax rate was adjusted downward in the third fiscal quarter mainly due to the recognition of ETI benefits exceeding those estimated in our prior year book provision. Changes in the effective tax rate between the third and fourth quarters of both fiscal years 2006 and 2007 were primarily as a result of changes in profit before tax. The ETI exclusion was phased out as of December 2006.

We believe that future quarterly fluctuations in our results of operations are likely, as a result of the factors discussed above and other factors, and therefore do not believe that our operating results in any fiscal quarter or fiscal quarters should be relied upon as an accurate indicator of our future performance.

Liquidity and Capital Resources

Over the last five fiscal years, we have primarily relied upon our internally generated cash flow to fund our operations, support capital expenditures and to pay down our debt; however, at various times we have made use of our bank term debt and intercompany Sanken borrowings to manage period to period imbalances in our sources and uses of cash.

Our principal sources of liquidity as of March 30, 2007 consisted of $13.5 million in cash and cash equivalents and banking relationship with The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTM) under which we have borrowed from time to time. In addition, at various times we have borrowed funds from Sanken. These intercompany borrowings take the form of unsecured term loans that carry variable rates based on a three-month London Inter Bank Offered Rate (LIBOR) plus a premium of 0.45%. As of March 30, 2007, the aggregate principal amount outstanding of four Sanken intercompany loans was $16.7 million. A portion of such Sanken intercompany loans has been repaid as of the date of this prospectus and the aggregate principal amount outstanding as of the date of this prospectus is $14.3 million. The provisions of our Sanken intercompany loans allow us to pre-pay the amounts due without penalty and do not contain restrictive covenants. We do not have in place any agreements with Sanken that allow us to borrow additional funds and there can be no guarantee that such funds will be provided in the future. As of March 30, 2007, we carried loans from Mizuho Corporate Bank, Ltd. (Mizuho) having an aggregate outstanding principal amount of $11 million due and payable on September 4, 2007 and November 30, 2007 under the Term Loan Agreements, dated September 4, 2001 and November 30, 2001, respectively. The Term Loan Agreement, dated September 4, 2001, bears interest at a fixed rate of 6.48% per annum and the Term Loan Agreement, dated November 30, 2001, bears interest at a fixed rate of 6.416% per annum. We plan to use some of the proceeds raised from this offering to repay the Mizuho loan having an aggregate principal amount of $3.0 million due November 30,

2007 and a portion of the Sanken intercompany loans in the amount of $1.6 million in the fiscal quarter ending December 31, 2007.

We believe that our cash flow from operations and existing cash and cash equivalents will satisfy our anticipated cash requirements for at least the next 12 months.

Operating activities

Cash from operating activities was $48.8 million in fiscal year 2007. The primary sources of cash from operating activities in fiscal year 2007 were net income, equal to $21.1 million, adjusted for non-cash charges totaling $23.3 million, which consisted primarily of depreciation and amortization expenses, a $4.3 million increase in trade payables to PSI and Sanken related to material purchases and a $1.2 million reduction in trade accounts receivable. The primary uses of cash from operating activities in fiscal year 2007 were an increase in inventories of $1.2 million related to our higher sales and increased production of four-inch wafers prior to their discontinuance.

Cash from operating activities was $24.7 million in fiscal year 2006. The primary sources of cash from operating activities in fiscal year 2006 were net income of $11.6 million, adjusted for non-cash charges totaling $18.7 million, which consisted primarily of depreciation and amortization expenses, and increases in accrued expenses and other liabilities of $1.5 million. The primary uses of cash from operating activities in fiscal year 2006 were decreases in trade payables and payables to Sanken and PSI totaling $4.1 million, accounts receivable increases of $1.9 million and a $1.2 million increase in prepaid expenses.

Cash from operating activities was $24.3 million in fiscal year 2005. The primary sources of cash from operating activities in fiscal year 2005 were net income of $15.6 million, adjusted for non-cash charges totaling $17.0 million, which were primarily comprised of depreciation and amortization expenses, and a $4.1 million increase in trade accounts payable related to capital equipment purchases. The primary uses of cash from operating activities were a $3.2 million increase in prepaid expenses, a $2.7 million increase in receivables due from PSI and Sanken, a $2.5 million increase in trade receivables and a $2.1 million increase in inventories.

Investing Activities

In fiscal year 2007, $25.9 million of net cash was used in investing activities, including $26.1 million for capital equipment purchases and $0.2 million of proceeds from disposal of assets. In fiscal year 2006, $18.2 million of net cash was used in investing activities, including $19.4 million of capital equipment purchases and $1.2 million in proceeds on the sale of an office facility in Concord, NH. In addition, during fiscal year 2006, we advanced a $5.0 million working capital loan to PSI that was repaid when it was acquired by Sanken in July 2005. In fiscal year 2005, net cash used in investing activities was $22.8 million primarily consisting of capital equipment purchases.

Capital equipment purchases include expenditures for our wafer fabrication facility, assembly and test operations, information technology infrastructure, research and development investments and other general facility spending. In fiscal year 2007, approximately 60.3% of our capital was spent on test operations, 14.8% on assembly operations, 9.2% on our wafer fabrication facility, 5.4% on information technology and 10.3% on general facility spending. Our expenditures for wafer fabrication were relatively low due to our outsourcing of approximately 36.5% of our wafer production to PSI and the shutdown of the four-inch wafer fabrication line in Worcester during fiscal year 2007. Our expenditure for test operations was relatively high due to the testing requirements and quality demands of our automotive customers and the unique test equipment needs of certain product lines. Our expenditures for assembly operations was driven largely by the need to increase capacity with respect to our automotive sensors.

Financing Activities

In fiscal year 2007, net cash used in financing activities was $12.9 million, including $11.2 million net repayment of bank term debt, a $1.0 million dividend payment to Sanken and $0.7 million net repayment of

Sanken intercompany debt. In fiscal year 2006, net cash used in financing activities was $8.9 million, including $13.2 million repayment of bank term debt, $5.4 million in borrowings from Sanken and a $1.0 million dividend payment to Sanken. In fiscal year 2005, net cash used in financing activities was $9.1 million, including $11.0 million repayment of bank term debt, $3.0 million of borrowings from Sanken and a $1.0 million dividend payment to Sanken.

Contractual Obligations

Set forth below is information concerning our known contractual obligations as of March 30, 2007.

	Payment Due by Period				
	Total	< 1 year	1-3 years	3-5 years	> 5 years
			(in thousands)		
Long-term debt obligations	$ 27,972	$ 19,255	$ 5,717	$ 3,000	$ —
Operating lease obligations	18,160	1,969	3,271	3,231	9,689
Total	$ 46,132	$ 21,224	$ 8,988	$ 6,231	$ 9,689

Purchase orders for the purchase of raw materials and other goods and services are not included in the table above. We are not able to determine the total amount of these purchase orders that represent contractual obligations, as purchase orders may represent authorizations to purchase rather than binding agreements. In addition, our purchase orders generally allow for cancellation without significant penalties. We do not have significant agreements for the purchase of raw materials or other goods specifying minimum quantities or set prices that exceed our expected short-term requirements.

Off-balance Sheet Arrangements

Our off-balance sheet arrangements consist primarily of conventional operating leases. As of March 30, 2007, we did not have any other relationships with unconsolidated entities, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements. Accordingly, we are not exposed to the type of financing, liquidity, market or credit risk that could arise if we had engaged in such arrangements.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board, or FASB, issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value in accordance with generally accepted accounting principles and expands on required disclosures about fair value measurements. This statement does not require any new fair value measurements; rather, it is applied under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 is effective for us in fiscal year 2008 and will be applied prospectively. The provisions of SFAS No. 157 are not expected to have a material impact on our consolidated financial statements.

The FASB has issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FAS No. 109 (FIN 48)*, which clarifies the accounting for uncertainty in income taxes. Currently, the accounting for uncertainty in income taxes is subject to significant varied interpretations that have resulted in diverse and inconsistent accounting practices and measurements. Addressing such diversity, FIN 48 prescribes a consistent recognition threshold and measurement attribute, as well as clear criteria for subsequently recognizing, derecognizing and measuring changes in such tax positions for financial statement purposes. FIN 48 also requires expanded disclosure with respect to the uncertainty in income taxes. FIN 48 is effective for fiscal years beginning after December 15, 2006, and became effective for us on March 31, 2007, the first day of fiscal year 2008. We have determined that the adoption of FIN 48 will not have a material impact on our financial results.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, to permit all entities to choose to elect, at specified election dates, to measure eligible

financial instruments at fair value. An entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date, and recognize upfront costs and fees related to those items in earnings as incurred and not deferred. SFAS No. 159 applies to fiscal years beginning after November 15, 2007, with early adoption permitted for an entity that has also elected to apply the provisions of SFAS No. 157. An entity is prohibited from retrospectively applying SFAS No. 159, unless it chooses early adoption. We are currently evaluating the impact of the provisions of SFAS No. 159 on our consolidated financial statements, if any, when it becomes effective for fiscal year 2009.

Quantitative and Qualitative Disclosures about Market Risk

We are subject to market risk in the ordinary course of business, which includes interest rate risk related to our cash and cash equivalents, and our borrowings. In addition, we are exposed to the foreign exchange rate risk related to our foreign currency transactions and the net asset positions of our foreign subsidiaries.

Interest rate risk. The primary objective of our investment activity is to preserve principal, provide liquidity and maximize income without increasing risk. Our investments have limited exposure to market risk. To minimize this risk, we maintain our portfolio of cash and cash equivalents in a variety of short-term investments, consisting primarily of bank deposits, U.S. Treasury securities and short-term corporate obligations. Because of the short term nature of these investments, we do not believe that their value is subject to significant interest rate risk. The interest income generated by these investments will fluctuate with current market interest rates.

We are exposed to interest rate risk relating to the increase or decrease in the amount of interest expense we must pay on our bank debt, our intercompany loans and any borrowings on our credit facility. The interest rate on our existing bank debt with Mizuho is currently fixed and therefore exposes us to limited market risk. The interest rate on our intercompany loans from Sanken is variable and fluctuates with the three-month LIBOR rate. As of March 30, 2007, our intercompany loans from Sanken totaled $16.7 million, of which $2.4 million has been repaid as of the date of this prospectus. We estimate that a 10% change in the LIBOR rate would result in an approximate $75,000 annual change in the interest expense related to these intercompany loans from Sanken.

Foreign currency risk. Most of our billings are denominated in U.S. dollars, however, a portion of our sales to customers in Europe are denominated in euro and, to a lesser extent, in British pounds. In addition, while nearly all of our sales to Sanken are invoiced in U.S. dollars, a portion of our products sold to Sanken are re-priced, on a monthly basis, according to the change in the Japanese yen to U.S. dollar exchange rate. Nonetheless, the local currency denominated expenses of our European and Asian operations help us offset some of the foreign exchange sales exposure. Some of our foreign operations engage in transactions involving currencies other than their local functional currency and this may give rise to realized and unrealized gains/losses when exchange rates fluctuate. The translated U.S. dollar value of the net assets of these foreign operations could experience balance sheet gains or losses in stockholder's equity and comprehensive income with changing exchange rates. According to our analysis of the net non-U.S. dollar composition of our sales and costs for fiscal year 2007, we estimate that a 10% change in exchange rates to the U.S. dollar would produce an approximately $2.5 million change in our net income. To date, we have not entered into any foreign currency hedging transactions to mitigate these exposures, although we may do so in the future. There is no guarantee that any future hedging activity that we may engage in would be effective in eliminating our foreign currency exposures.

THE ANALOG SEMICONDUCTOR INDUSTRY

Overview

Semiconductors may be classified as discrete devices or integrated circuits, or ICs. Discrete devices are individual devices, such as diodes, capacitors and transistors. ICs combine many discrete devices into a single chip to form a more complex circuit. ICs may be further classified as digital, analog or mixed-signal, terms which describe differences in the manner in which the circuit manages electricity. Digital circuits are generally designed to accept as inputs only two specific electrical voltages and treat those two voltages as "on" and "off" signals. Similarly, digital circuits generate as output "on" and "off" signals. This makes digital ICs well suited for use as microprocessors, memory and other logic devices for use in a wide range of products. Analog circuits are designed to accept electric signals that can vary across a continuous range of infinite values over the operating voltage of the circuits. In this manner, analog ICs are able to take as inputs electric signals generated in response to the continuously varying conditions that occur in the physical world, such as temperature, light intensity, speed, position, sound and pressure, and convert these input signals into output signals having electronic patterns that convey information about those physical conditions. Some analog circuits only accept analog inputs and generate analog outputs. Other analog ICs, called mixed-signal ICs, combine on one chip the capacity to process analog signals as inputs or outputs and digital signals as inputs or outputs.

For commercial and industrial purposes, mixed-signal ICs are often categorized as analog ICs. We use the term "analog ICs" in this discussion to include mixed-signal ICs, unless the context particularly requires us to emphasize a characteristic of mixed-signal ICs that is different from analog ICs in general. The properties of analog ICs, including mixed-signal ICs, make them well suited for a wide range of applications in industrial and consumer products. Examples of these applications in specific end-use markets include:

- *Automotive* — Analog ICs control the operation of systems which enhance vehicle performance and/or safety and provide real-time diagnostic information, including engine, transmission, suspension, steering, braking, cooling, doors, windows, seats, airbags, lighting and wiping systems.
- *Computer and Office Automation* — Analog ICs enable the efficient operation of various office products, including servers, notebook computers and laser and multi-function printers, by controlling the motors, regulating the power and measuring the current.
- *Communications* — Analog ICs enable the efficient operation of portable communications products, such as cell phones.
- *Consumer* — Analog ICs enable the operation of such products as digital cameras, digital flat panel displays, smoke detectors and appliances by providing functions such as power management, backlight display control, sensor interface, motor control, position sensing and current sensing.
- *Industrial* — Analog ICs are used to control motors, monitor temperatures, modify signals and manage power in household appliances, industrial equipment, medical equipment and military applications.

Analog IC Market

Based on statistics published by Gartner, Inc., the market for analog semiconductors in 2006 was estimated at $37.5 billion and represented 14.3% of the estimated $262.7 billion overall semiconductor market. Within the broad analog semiconductor market, we are focused on the areas of magnetic sensors and application specific ICs, which Gartner, Inc. defines as application specific standard products (ASSP) and single customer specific ICs.

According to Gartner, Inc., the non-optical sensor market, estimated at $2.1 billion in 2006, will grow to $3.3 billion in 2011, representing a compound annual growth rate of 9.5%. Within this market, we are focused in the automotive and communications areas. Gartner, Inc. projects that these areas, estimated at $1.6 billion and $61 million respectively in 2006, will grow to an estimated $2.4 billion and $234 million respectively in 2011, representing compound annual growth rates of 8.4% and 30.9%, respectively. We are further focused in the area of magnetic sensors, which WSTS projects will grow from an estimated $859.8 million in 2006 to $1.3 billion in 2010, a compound annual growth rate of 10.2%.

In the application-specific analog area, Gartner, Inc. projects that the market, estimated at $22.7 billion in 2006, will grow to an estimated $34.6 billion in 2010, a compound annual growth rate of 11.1%. Within this market, we are further focused on the automotive, computer and office automation and consumer markets. Gartner, Inc. projects that sales of application-specific analog ICs for the automotive market will grow from an estimated $3.4 billion in 2006 to an estimated $5.0 billion in 2010, a compound annual growth rate of 9.8%. According to Gartner, Inc., the analog data processing market (which we refer to as the computer and office automation market) will grow from an estimated $3.3 billion in 2006 to an estimated $4.4 billion in 2010, a compound annual growth rate of 7.5%. Within the computer and office automation market, we are focused on printer application ICs, such as motor driver ICs. The consumer market, estimated at $3.8 billion in 2006, is projected to $5.2 billion in 2010, a compound annual growth rate of 8.1%, according to Gartner, Inc. Within the consumer market, we are focused on power analog ICs for applications such as smoke detectors, projection TVs and digital cameras.

The analog IC market has several key characteristics that result in decreased volatility and higher barriers to entry relative to the overall semiconductor industry. These characteristics include:

- *Analog semiconductors typically have longer development and product life cycles than digital semiconductors.* Digital IC product development is primarily driven by pressures to reduce device size and costs, resulting in shorter product life cycles. Analog IC product development, on the other hand, is primarily driven by the need to satisfy complex application-specific requirements, resulting in product life cycles which are comparatively lengthy.
- *No "standard" analog process.* Unlike digital ICs, which have standardized design and manufacturing processes, analog design and manufacturing processes tend to be more specialized, driven by performance and functional requirements. Accordingly, customers generally have long-term relationships with, and rely upon, manufacturers that satisfy their analog IC specifications.
- *More stable average selling prices relative to the digital market*. The application-specific nature of analog ICs requires significant time for development and testing, access to scarce design engineers and customized manufacturing processes. As a result, analog ICs are less vulnerable to technological obsolescence, have fewer substitution options, have longer product life cycles and, consequently, exhibit more stable pricing trends.
- *Analog suppliers typically benefit from lower capital requirements due to the use of more mature manufacturing technologies*. Digital design seeks to reduce device size and maximize speed by increasing circuit densities. As digital manufacturers continue to increase the number of transistors per circuit, they face the ongoing need to replace equipment and processes that are no longer capable of these increased densities. This product strategy requires a significant ongoing capital investment. On the other hand, analog technologies typically utilize large-feature sizes to achieve the desired functionality and, as a result, use more mature technologies which are less costly and require less frequent replacement.
- *Complex and difficult test requirements.* Analog circuit testing differs significantly from digital circuit testing. For example, an analog test instrument must be able to measure intermediate voltage levels to account for the full range of real-world stimuli that the device is designed to measure, sense or control. Digital test instruments are more highly automated and need only to sample an output for a high or low voltage level. Further, testing of analog components requires a much higher degree of electrical measurement accuracy than is required for digital components in order to assure high quality. This increased testing complexity, combined with a lack of automated testing tools, requires a unique engineering skill which is not typically required in the digital testing process.
- *Market fragmentation.* Analog ICs serve diverse applications and are often designed to satisfy unique customer requirements regarding size, speed, accuracy and efficiency. Analog ICs, as a result, are highly differentiated and are not easily substituted. This results in a fragmented market which tends to limit the number of competitors within a specific product category and enables smaller companies to compete against larger companies in markets where product functionality is of greater importance than price.

- *Scarcity of analog engineers.* The digital design process has been significantly automated through computer-aided design tools. Analog ICs, however, are more difficult to accurately model, resulting in a design process which is difficult, less automated and more highly dependent on the skills, experience and creativity of a limited group of design and applications engineers. Strong analog design and applications skills generally take five to seven years of experience to develop, resulting in a limited supply of experienced analog design and applications engineers.

Sensor IC Market

Semiconductor sensors are used to convert environmental information into electrical signals. The sensor IC market is composed of optical and non-optical sensor ICs. We are focused in the non-optical sensor area, a market which Gartner, Inc. estimates will grow from $2.1 billion in 2006 to an estimated $3.3 billion in 2011, representing a compound annual growth rate of 9.5%. Within the non-optical sensor market, we are further focused in the area of magnetic sensor ICs, which WSTS estimates will grow from $859.8 million in 2006 to $1.3 billion in 2010, a compound annual growth rate of at 10.2%.

Non-optical magnetic sensor ICs convert physical, chemical or biological measurements or properties to electrical signals. There are four primary types of non-optical magnetic sensor ICs: (1) temperature sensors, which convert temperature measurements to electric signals; (2) pressure sensors, which convert pressure measurements to electrical signals; (3) acceleration sensors, which convert acceleration measurements to electrical signals; and (4) magnetic field sensors, which convert magnetic field measurements to electrical signals.

Magnetic field sensors, a type of non-optical sensor IC, measure the strength and direction of a magnetic field by using one of several different sensing technologies. When using Hall-Effect sensing technology, magnetic field sensors detect magnetic fields to gather information on physical properties such as direction, presence, rotation, angle and electrical currents without direct physical contact. The absence of direct physical contact is a particularly important advantage in automotive applications. Unlike non-magnetic field sensors that generally detect and report physical properties, such as temperature, pressures, strain, flow, acceleration and yaw rate, in a direct manner, magnetic sensors are used along with permanent or electromagnetic configurations to translate information on the physical property into alterations in magnetic field that can be detected by the magnetic field sensor and be further processed or used to drive other devices.

Hall-Effect sensor ICs vary in their complexity, design, size, expense, and the strength of the magnetic field that they are able to detect. Hall-Effect sensor ICs can be cost-effectively manufactured in silicon substrates alongside other semiconductor microcircuitry that can process the signals generated by the detection of magnetic fields. The ability to integrate Hall-Effect sensors with complex analog and mixed-signal circuitry on a single IC is particularly advantageous in high-volume applications that can benefit from the economies provided by integration, including applications in the automotive, computer and office automation, consumer and industrial markets.

For example, Hall-Effect sensor ICs are commonly used in automotive electronic power steering (EPS) systems. In this application, the sensors detect the angle and torque of the steering wheel. The EPS function lowers overall system cost and reduces vehicle weight for higher fuel economy. Another example of Hall-Effect sensor ICs application is in the high-volume communications market, specifically controlling the on-off function in cellular phones that flip or slide. The Hall-Effect sensor IC replaces older technology mechanical or reed switch devices in cellular phones.

The magnetic sensor IC market is differentiated from the overall analog IC market in terms of the requisite design and manufacturing skills. The development of magnetic sensor ICs requires not only analog and mixed-signal IC design skills, but also expertise in the areas of mechanical systems, electromagnetic and magnetic design and specialized assembly and test techniques.

Power IC and Power Management IC Market

Power ICs are used to drive varying levels of power into electronic products and systems in accordance with the specific needs of the product or system. The key differentiating feature of a power IC relative to

other semiconductor technologies is its ability to handle high voltage, high current or a combination of both along with complex analog and mixed-signal circuitry.

Power ICs include products such as motor drivers, LED drivers, power arrays, and gate drivers. These products are used in a wide variety of applications in the automotive, computer and office automation and industrial markets. End applications include devices such as printers, copiers, scanners, projectors, display devices, smoke detectors, fans, cell phones and cameras. Within multi-function printers, for example, power ICs interface between digital logic devices and power loads to control the motor which feeds paper through the machine.

Within the application-specific analog market, we are further focused on the automotive, computer and office automation and consumer markets. Gartner, Inc. projects that sales of application-specific analog ICs for the automotive market will grow from an estimated $3.4 billion in 2006 to an estimated $5.0 billion in 2010, a compound annual growth rate of 9.8%. According to Gartner, Inc., the analog data processing market (which we refer to as the computer and office automation market) will grow from an estimated $3.3 billion in 2006 to an estimated $4.4 billion in 2010, a compound annual growth rate of 7.5%. Within the computer and office automation market, we are focused on printer and projector application ICs, such as motor driver ICs. The consumer market, which Gartner, Inc. estimated at $3.8 billion in 2006, will grow to an estimated $5.2 billion in 2010, a compound annual growth rate of 8.1%. Within the consumer market, we are focused on power analog ICs for applications such as smoke detectors, projection TVs and digital cameras.

Power management ICs convert power from sources such as electrical outlets, batteries or engine alternators into more useful levels for a wide range of electrical and electronic systems and equipment. Power management ICs enhance the way power is utilized by an electronic or electrical system by performing one or more of the following functions: power conversion, power regulation, power replenishment, power storage, power conservation and power monitoring. The more sophisticated the end product and the more features it has, the greater the need for power management.

Power management IC products include regulators and converters that accept a given input voltage, typically from a battery or wall adapter, and provide desired voltage or current levels depending on the application requirements. In addition to the required conversion(s), power management ICs should be power-efficient, compact, and add value through protection capabilities or diagnostics. These products are used in consumer, computer and office automation, and industrial applications such as mobile phones, set-top boxes, digital cameras, GPS navigation systems, notebooks, desktop monitors, and other general-purpose voltage regulator applications. According to Gartner, Inc., the voltage regulator market (which we refer to as our power management market) will grow from an estimated $7.6 billion in 2006 to an estimated $11.2 billion in 2010, representing a compound annual growth rate of 10.0%.

The power and power management IC design process is highly dependent on the training and experience of individual design engineers. In addition to analog and mixed-signal design expertise, engineers must also possess proficiency in thermal and electrical noise management, as well as switching and linear power supply topologies.

Industry Trends Affecting Our Business

Increasing use of analog ICs in end-user applications. The use of analog ICs and magnetic sensor ICs has rapidly increased across a wide range of applications due to the broad replacement of mechanical functions with semiconductor-based devices that improve the reliability and efficiency of such electro-mechanical systems as motors, information encoders and potentiometers for measuring voltages. The growing use of these two types of ICs has been particularly significant in the automotive, computer and office automation, and communications markets. Within the automotive industry, for example, an increasing focus on fuel efficiency and safety has resulted in fundamental redesigns of automotive systems and the introduction of multiple electronically controlled systems, including hybrid vehicles, thereby increasing the number of semiconductors used in such systems. Gartner, Inc. projects that the market for application specific analog ICs will grow from an estimated $3.4 billion in 2006 to an estimated $5.0 billion in 2010, a compound annual growth rate of 9.8%. The automotive sensor IC market, which Gartner, Inc. estimated at $1.6 billion in 2006, will grow to an estimated $2.4 billion in 2011, representing a compound annual growth rate of 8.4%. Within the computer and office automation market, consumer demand for increased functionality has also resulted in

the increased use of analog ICs in a variety of applications. For example, increased demand for home office multi-function printing systems that perform printing, scanning and faxing functions has increased the demand for power ICs that enable this greater functionality. This market (which Gartner, Inc. refers to as the data processing market) is estimated to grow from $3.3 billion in 2006 to an estimated $4.4 billion in 2010, representing a compound annual growth rate of 7.5%, according to Gartner, Inc.

Increasing complexity of products. Customer demand for more features and functionality in smaller, lower-cost ICs and IC packages has resulted in increased circuit integration and greater complexity in the IC design and manufacturing process. In order to more effectively deliver the benefits of higher integration to a customer, a semiconductor supplier must possess a broad range of engineering capabilities, including expertise in device modeling, the ability to optimize IC design and component interfaces based on system-level knowledge, and the ability to combine analog and digital designs on the same IC. Other required capabilities include the ability to manage the thermal, mechanical, magnetic and packaging engineering issues that affect the performance of a highly integrated system, as well as the capability to perform more complex assembly and test operations. As a result of these factors, the knowledge and skills required to design innovative, high-quality integrated analog and mixed-signal devices are highly specialized and can take many years to develop. Additionally, given the research and engineering lead times involved, close collaboration between semiconductor suppliers and their leading customers has become increasingly important. Finally, the semiconductor industry experiences sales cycles of varying length, requiring careful management of product lines, inventories and resources.

Consolidation of supplier base by customers. To reduce supply chain complexity, lower costs and shorten time-to-market, OEMs are increasingly seeking to reduce the number of suppliers to their businesses. Preferred suppliers will have completed rigorous qualification processes and met standards in such areas as inventory management, quality, lead time and delivery. As OEMs consolidate their supplier bases, it becomes increasingly difficult for vendors who have not been previously qualified by a particular OEM to become a supplier to that OEM, thereby raising the barriers to entry.

Rising up-front development costs. Advances in semiconductor technology and customer demand for greater functionality within smaller IC packages have resulted in products that are more complex and more highly integrated. While these trends have resulted in superior product performance, higher reliability, smaller form factors and simplified assembly processes, they have also increased the engineering times and resources required to develop new products. Within the automotive market, lengthy qualification processes have led to higher costs, as component suppliers must expend significant time and resources on product development well before high-volume product shipments can begin generating economies-of-scale benefits. Further, these product development costs will increase as companies adopt more advanced process technologies and produce products with smaller geometries.

Shorter product life cycles in portable electronics products. Life cycles for portable electronics products in the consumer and communications markets are comparatively short relative to other markets served by analog products. In these markets, demand is driven by the user's desire for greater functionality and suppliers' ability to provide these new features at a relatively low cost. In the cell phone market, for example, users tend to upgrade their cell phones with high frequency, resulting in intense competition among cell phone suppliers to introduce new models. While shorter product life cycles typically create the opportunity for higher sales and higher average selling prices, they also require that suppliers invest heavily in new product development in order to continuously accelerate new product development.

Growing semiconductor demand for power management functionality. The number of applications being integrated into electronic devices is increasing, especially for consumer products. Increasing demand for portable, handheld solutions is driving the convergence of functionality in handheld electronics and cell phones, resulting in more sophisticated wireless email devices and cell phones that include phone, camera, gaming, video and email capabilities. These applications require additional functionality or more semiconductors, which may in turn increase power consumption. The need for greater power efficiency, particularly in portable consumer electronics, increases demand for power management functionality at the semiconductor level.

BUSINESS

Company Overview

We design, develop, manufacture and market magnetic sensor ICs and application-specific analog power semiconductors for the automotive, computer and office automation, communications, consumer and industrial markets. We are a leading provider, in terms of total net sales, of integrated Hall-Effect sensor ICs with applications in each of these markets. Our broad product portfolio of application-specific analog power ICs includes motor drivers and power interface drivers that are used in automotive electronic systems and computer and office automation products, such as printers and LED displays. Our 40 years of experience in the semiconductor industry serves as our foundation for designing and manufacturing magnetic sensor ICs and analog power ICs, and enables our current expansion into the growing field of power management ICs.

Our product portfolio includes over 325 Allegro products across a range of high-performance analog and mixed-signal semiconductors, including magnetic sensor ICs, analog power ICs and power management ICs. During fiscal year 2007, we sold our products directly to approximately 140 OEMs, 33 distributors and 49 EMSs, many of which are leaders in their respective markets. In addition, we also sold our products to a wide range of end customers in Japan through Sanken, our parent company. Through collaboration in product design with many of these customers, we are able to gain insights into trends in the markets we serve and the related needs of our customers for new and improved semiconductor technology and products. We believe that these insights enable us to develop leading-edge solutions, often in advance of our competitors. Our close relationship with Sanken, our parent company, gives us access to a broad base of leading Japanese customers in the automotive, consumer and computer and office automation markets for which we develop advanced products that can be sold worldwide. We provide product design and applications development support to our customers through design and application centers located in the Americas, Asia and Europe.

We employ both internal and external manufacturing capacity for wafer fabrication, assembly and testing. Our relationship with PSI, a wholly owned subsidiary of Sanken, provides us with cost-effective wafer manufacturing capacity that utilizes our advanced wafer fabrication technology. This manufacturing approach allows us to leverage our intellectual capital while reducing our capital investment requirements.

We were established as the semiconductor division of Sprague in 1965. In 1990, we were acquired by Sanken.

Our Relationship with Sanken

Prior to this offering, we have been a wholly owned subsidiary of Sanken, a Japanese company whose common stock is traded on the First Section of the Tokyo Stock Exchange. Sanken intends for the foreseeable future to maintain majority ownership of the outstanding shares of our common stock.

Sanken was established as the Toho Sanken Electric Co., Ltd. in 1946 as the successor to an industrial technology research institute that began operating in the 1930s. Sanken's early industrial research and development activities in what was then the new field of semiconductors formed the foundation of its growth in semiconductor product design, development, manufacturing and marketing. Sanken's worldwide production, design, and sales and distribution operations are organized in three segments: semiconductors (which includes Allegro), power modules and power supply equipment. Sanken's semiconductor business segment, which includes power supply ICs, motor driver ICs, automotive ICs and discrete devices, complements our product lines. For fiscal year ended March 31, 2007, Sanken had net sales of approximately 203.8 billion Japanese yen (approximately US$1.7 billion) and net profits of 7.5 billion Japanese yen (approximately US$63.5 million).

Allegro was formed in 1990 when Sanken acquired the semiconductor division of Sprague in an effort to expand its U.S. operations and strengthen its worldwide semiconductor business. In addition to currently being our controlling stockholder, Sanken collaborates with us in the areas of marketing and distribution, technology

development and manufacturing. We believe that the collaborative efforts between Sanken and us create synergistic opportunities and benefits, some of which are highlighted below:

- *Access to Sanken's extensive customer relationship, distribution, sales and technical support network.* With Sanken's support, we have been able to develop relationships with Japanese customers, particularly in the automotive industry, who may not have otherwise become familiar with our products. Sanken also provides us with "design-in" assistance in Japan. This is the process by which some of our customers design our products into their products in Japan and manufacture them in other parts of the world. This relationship provides us access to end market information and in-depth knowledge of technology trends, resulting in the cost-effective and timely use of our engineering and marketing resources. We and Sanken are parties to reciprocal product distribution agreements under which Sanken distributes our semiconductor products in Japan and we distribute Sanken's semiconductor products in the Americas.
- *Access to Sanken's manufacturing facility.* Sanken's ownership of PSI, a wafer manufacturer, provides us with an important source of wafers and enables us to develop and utilize advanced manufacturing process technologies with a lower capital investment than would otherwise be required.
- *Cost-effective, advanced joint technology development.* We expect to continue collaborating closely with Sanken to develop new manufacturing process technologies. We are collaborating with Sanken and PSI on the development of our next generation of BCD manufacturing process technology, called Sanken Group 5, or SG5, which we refer to as ABCD5. Our collaborative effort with Sanken enables us to develop advanced process technology more quickly and cost-effectively than if we were to seek to develop such technology on our own. We expect that applying the SG5 process across a substantial majority of our future products will enable us to enhance our product portfolio and achieve greater manufacturing efficiencies and lower costs.

We expect to continue our collaborative efforts with Sanken in areas such as marketing and distribution, manufacturing and development of product and manufacturing process technology. Please refer to the section of this prospectus titled "Transactions and Arrangements with Sanken and PSI" for more information on the collaborative arrangements between and among Sanken, PSI and us.

Our Competitive Strengths

Our key competitive strengths include the following:

We have leading market positions. According to Gartner, Inc., we were the leading provider of magnetic sensor ICs with an estimated 25% share of the $662 million market in 2006. Within this market, we were the second leading provider of magnetic sensor ICs for the automotive market, with an estimated 22% share of the $528 million market, according to Gartner, Inc. In addition, within the high-growth communications market for non-optical sensor ICs, we have the leading position, with an estimated 39% market share in 2006, according to Gartner, Inc. In addition, based on our sales to leading customers in the computer and office automation market during 2006, we estimate that we had an approximate 11.5% market share in motor driver ICs for printer applications during that year. We believe that these positions provide us with opportunities to take advantage of projected growth in these markets.

We have established technology leadership in the development of integrated magnetic sensor ICs and power ICs. Our technology leadership is supported by a strong intellectual property portfolio and trade secrets, analog design expertise and sensor assembly and test expertise. Our innovations in Hall-Effect sensor ICs include assemblies with magnets and magnetic field concentrators and circuit design techniques for multiple applications. Our power IC applications are developed using our proprietary 60-volt BCD process which enables the efficient integration of various discrete power circuits on one chip. Our power IC expertise is especially strong in the integration of multiple motor drivers and switching regulators on the same chip. We have a team of highly skilled engineers with analog design, test development and process technology development expertise. On average, our engineers have 13 years of semiconductor development experience.

Our system-level expertise enables us to understand the complex, specific needs of our customers and provide advanced solutions that improve the performance of our customers' products.

Our business diversification provides a stable base with multiple growth opportunities. Our total net sales are diversified across customers, sales channels, geographies and end markets, which provides opportunities to grow and also maintain relative stability in total net sales across the business cycles that characterize the semiconductor industry. This enables us to continue to invest across business cycles, pursue multiple growth opportunities and leverage our research and development efforts across multiple products and end markets. Based on our sales during fiscal year 2007, no single customer exceeded 6.7% of our total net sales, and no single region exceeded 30.1% of our total net sales. We have strong relationships with market-leading, global customers across multiple end markets, including automotive, communications, consumer and computer and office automation. As a result, we have developed substantial system-level knowledge for our various end markets and applications. In addition, for many of our customers, we are among a limited number of vendors who are prequalified to compete for their next-generation product requirements and, for many of our products, we are the sole supplier to our customers. These relationships allow us to gain insight into the specifications for their products, enabling us to develop innovative solutions to meet their needs, hence providing us with multiple opportunities to expand our business.

We are well-positioned to access the Japanese markets. Our collaboration with the Sanken Group provides access to the Japanese applications-specific analog semiconductor market. According to WSTS, the Japanese ASSP market, estimated at $3.4 billion market in 2006, will grow to $3.9 billion in 2010. We have leveraged Sanken's customer relationships and extensive distribution and technical support networks to increase our sales in Japan. During fiscal year 2007, approximately 19.6% of our total net sales was derived from our sales to end-users in Japan, primarily for motor drivers in the computer and office automation market and for sensors in the automotive market. We believe we are also well-positioned to expand our power management business in Japan, particularly in the automotive, computer and office automation and consumer markets. Relationships with leading Japanese manufacturers in the consumer and automotive markets are particularly valuable since many of the solutions created for customers in these markets are quickly adopted by other manufacturers outside of Japan.

We possess a flexible, advanced manufacturing infrastructure. We optimize our manufacturing infrastructure through a mix of internal and external capacity. Internal and affiliated manufacturing capacity, provided by our Worcester, MA wafer fabrication facility and PSI's facility in Bloomington, MN, facilitates technology development and quality control. Our internal assembly and test facility, based in Manila, Philippines, provides high-volume production capacity while facilitating the protection of process intellectual property, particularly for the assembly and test of our magnetic sensor products. We are certified under TS-16949, the automotive sector-specific quality management system standard, and are a major supplier to Japanese automotive manufacturers, recognized as having very stringent quality standards. We also use external assembly and test facilities to enable flexible capacity utilization and technology access.

Our management team is highly experienced. Our senior management team averages 25 years of semiconductor industry experience and 20 years of service to Allegro and its predecessor entity. We believe that our team has demonstrated expertise in our business and has the capability to develop and execute successful business strategies through semiconductor industry cycles.

Our Strategy

Our objective is to enhance our position as a leading provider of analog semiconductor products. Key elements of our strategy include:

Leveraging our intellectual property and technology capabilities to pursue additional opportunities in high-growth markets. We address high-growth markets by developing new applications that create synergies with our existing technologies and product portfolio. For example, we will continue to develop innovative sensor and power products that target the increasing electronics content in automobiles in applications such as powertrain, chassis and safety systems. We are also expanding our presence in the communications and consumer markets by leveraging our analog power IC design and process capabilities to develop new power

management products. We are also applying our sensor design skills and our power supply and motor control applications expertise in the development of technologies for sensing electric current. Further, we will apply these new product areas along with innovative sensor and motor driver products to expand our presence in the consumer market. In addition, we will continue to make investments in growth segments, such as Xenon flash driver ICs for digital cameras, vibration motor ICs for cellular phones and magnetic sensor ICs that protect the power supplies of computer servers.

Rapidly introducing value-added products. We believe that our research and development investments in the areas of product design, wafer fabrication technology enhancement and IC package development are critical to maintaining our competitive advantage. We continue to enhance our research and development capabilities through internal investments and will consider potential external acquisitions of technologies to enable us to continue to offer differentiated, value-added products to our customers. We intend to increase the pace of our new product introductions by continuing to enhance our design tools, collaborate closely with our industry-leading customers and actively manage our product development pipeline. We believe that this approach will enable us to meet the shorter design cycles and times-to-market requirements demanded by our customers, particularly in the communications and consumer markets.

Increasing the breadth and depth of our customer relationships. We believe our close collaboration with industry-leading customers has provided us with market insights that enable us to focus our resources on developing innovative products. We intend to continue strengthening our relationships with existing customers by broadening our product portfolio to further satisfy their needs. In the automotive market, for example, our innovative sensor solutions and system-level expertise enabled us to develop extensive collaborative relationships with our customers which we believe will facilitate market acceptance of our new sensor and analog power IC solutions. In the computer and office automation market, our system-level expertise, diverse analog power IC portfolio and customer relationships will enable us to offer new power management solutions. Furthermore, we intend to continue broadening our customer base by enhancing our sales and marketing efforts by utilizing an expanded global sales infrastructure along with a network of local applications and support centers near customer locations. In addition, we will continue to leverage our relationship with Sanken to improve our service and support of Japanese customers, particularly those in the automotive, computer and office automation, and consumer markets.

Continuing to pursue a flexible and cost-effective manufacturing strategy. We believe that our use of both internal and external manufacturing capacity provides a flexible and efficient manufacturing model that reduces capital requirements, lowers operating costs, ensures reliability of supply and supports our growth. Our internal manufacturing facilities and those of our affiliate PSI are focused on specialty wafer fabrication technologies. We intend to continue to collaborate with Sanken to develop quality methodologies that satisfy the needs of our global automotive customers, including those in Japan. We will continue to use our in-house manufacturing facilities to maintain the quality of our products for the automotive market, ensure continuity of supply and protect our intellectual property, particularly in assembly and testing, where we believe our customized solutions provide us with a competitive advantage. In addition, we intend to continue utilizing external wafer foundries for certain process technologies and subcontractors for more standardized assembly and test requirements in order to efficiently manage our capital requirements.

Continuing to improve our profit margins. We expect to improve our profitability by enriching our product portfolio, rapidly introducing new, higher-margin products and reducing manufacturing costs. We expect to continue to improve our product mix by developing new products for growth markets that typically generate higher profit margins. We intend to place a particular focus on enhancing our margins by converting existing products to products using newer technologies. We also intend to reduce our manufacturing costs by transferring wafer manufacturing to eight-inch wafers where practicable, optimizing our mix of internal and external manufacturing capacity, implementing more cost-effective packaging technologies and seeking cost reductions from our suppliers.

Pursuing selective acquisitions and other strategic transactions. We will evaluate and pursue selective transactions to facilitate our entrance into new applications, add to our intellectual property and design resources, and diversify our product offerings. For example, our collaboration with PSI was a key factor in

Sanken's acquisition of PSI in July 2005. We may acquire companies, technologies or assets and participate in joint ventures when we believe they will cost effectively and rapidly improve our product development or manufacturing capabilities or complement our existing product offerings.

Our Products

Our product portfolio includes over 325 Allegro products across a range of high-performance analog and mixed-signal semiconductors including magnetic sensor ICs, analog power ICs and power management ICs. Our products are designed for use in a wide range of applications including automotive systems, communications devices, computer and office automation products, consumer products and industrial uses.

Magnetic Sensor ICs

We offer a wide range of integrated magnetic sensor ICs based on Hall-Effect technology that allow our customers to develop contactless sensor solutions that reduce mechanical wear and provide greater measurement accuracy.

- *Position sensors.* Our position sensors are mixed-signal ICs that provide a digital voltage output that measures the presence of a magnetic field against a determined threshold level, thereby establishing a precise position in applications such as cell phone open-close detection and gaming devices. In automotive applications, our position sensors are often used to replace mechanical switches in such applications as seat belt detection, wiper motors, one-touch power window systems and transmission shift selectors. The combination of sensors and power drivers provides solutions for emerging applications such as vibration motor drivers, notebook cooling fans and auto-focus sensors.
- *Speed sensors.* Our speed sensors are mixed-signal ICs that detect and process the magnetic fields created by a rotating gear-tooth or ring magnet with the output being a digital reading proportional to speed. Our speed sensor portfolio includes gear speed and ring magnet speed sensors used in anti-lock braking, camshaft/crankshaft and transmission systems. In addition to product innovation in each of these areas, we offer proprietary packaging that integrates the magnet and the IC. This integration increases our content in automotive applications while satisfying customers' desire to simplify the supply chain and reduce assembly cost.
- *Linear and current sensors.* Our linear and current sensors are mixed-signal ICs that provide output signals proportional to the overall strength of a magnetic field created by a permanent magnet or a current carrying conductor. Linear sensors are used for angle measurement for rotary encoders in the automotive market and distance measurement for cell phone camera lens position in the consumer market. Current sensors, one of our emerging product areas, are used to measure AC and DC current levels and enable improved energy efficiency within such applications as household appliances (such as refrigerators, dishwashers and washing machines), power supply protection devices (such as servers and uninterruptible power supplies (UPS) and motor control in electric power steering applications). We offer proprietary solutions in custom packaging to service this application.

Power and Power Management ICs

Our power IC portfolio is comprised of motor driver ICs, automotive ICs and power interface ICs. Our power management ICs include voltage converters and regulators for both application-specific and general-purpose use.

- *Motor driver ICs.* These devices contain the power drivers and the sequencing logic to drive the coils of most kinds of low power motors. Our portfolio, primarily targeted to printer and consumer applications, includes an extensive line of stepper and brushless DC motor driver ICs which drive the motors in such applications as ink-jet, laser and dot matrix printers, linear tape drives and scanners. Recent low-voltage and battery-operated adaptations of many of our motor drivers address emerging applications in laptop and PC cooling fans, and auto-focus, zoom and shutter control for cell phone cameras. Our custom power ASICs combine various motor drivers with switching and linear regulators

to service the power application needs for digital video projectors, projection televisions and single-function and multifunction printers.

- *Automotive ICs.* Automotive power drivers operate in extreme temperature and voltage conditions with high quality and reliability requirements. We have adapted our motor driver and switching regulator technology to provide power IC solutions that meet these stringent requirements. Our portfolio of high power gate drivers for motor control is well suited to support the emerging automotive trend of replacing hydraulic systems with electronically controlled systems in applications such as electric power steering, engine cooling, and wiper motors. Integrated power driver solutions allow control of low power DC motors and relays. We have adapted our high-efficiency switching regulators to provide power to vacuum fluorescent displays and electronic control modules.
- *Power interface ICs.* Our power interface ICs perform signal processing and logic control functions while providing power driving capabilities. We offer multi-channel LED drivers that control the lighting in large industrial signs, supporting the trend towards increased resolutions in these signs. Our extensive smoke detector IC portfolio supports various configurations of ionization and photoelectric-based smoke detectors that process low-level electrical signals and provide integrated power functions to drive alarms and horns.
- *Power management ICs.* Our range of power management products enhance the way that power is used by an electronic or electrical system. By integrating more features and power management capabilities, our products enable greater functionality, higher voltage and higher current capacity within a smaller device. We offer a variety of voltage regulators including general-purpose buck and boost converters as well as highly integrated low noise block regulators used in satellite set-top boxes. We also offer flash charger ICs for use in cellular phones and digital cameras. These products control charge/recharge processes for Xenon flash applications. Our display products are used to drive white LED backlight for cell phones and portable electronics devices. Our latest products are also targeted for medium-sized liquid crystal display (LCD) backlight for applications including notebook computer displays, PC monitors and LCD televisions. Our products minimize total chip area and height through higher levels of integration and reduce the size and cost of external board components.

Examples of our products and their applications in end markets are set forth in the following table.

	Automotive	Computer and Office Automation	Communications	Consumer	Industrial
PRODUCTS	• Speed and position sensors • Motor driver ICs	• Motor driver ICs • Speed, position and current sensors • Display drivers	• Position sensors • Motor driver ICs • Display drivers • Flash drivers	• Position sensors • Linear sensors • Motor driver ICs • DC/DC converters	• DC/DC converters • Current sensors • LED drivers
APPLICATIONS	• Power train and chassis systems • Safety and comfort systems • Electronic power steering, suspension, engine management, cooling systems • Airbag, wiper, ABS, security, door/window sensors, infotainment, lighting systems	• Ink-jet and multifunction ink-jet printer drivers • Laser and multifunction laser printer drivers • Notebook computer open/close sensors and fan drivers • Tape drives • Server hot swap ICs • Projector drivers	• Mobile phone handset open/close sensors, vibration motor drivers and auto-focus system motor drivers	• Smoke detectors • Projection TV and projector backlight • Satellite set-top boxes • Digital camera zoom position sensors and motor drivers	• Factory automation equipment • Current sensors for energy star household appliances including washing machines, refrigerators and dishwashers • LED signage

Products We Resell

In addition to selling our own products, we sell Sanken's products within the Americas. A majority of this business was transferred to us from Sanken as Sanken customers moved their manufacturing operations from Japan to the Americas. We have developed additional business for these products by working with leading Japanese customers who have established operations within the Americas. Our products and target markets include power ICs for the automotive and consumer markets, LEDs for the automotive market and discrete products for the consumer and industrial markets.

Technology

We consider the following technologies to be strategically important in the design and manufacture of our products. These technologies and our implementation of them have allowed us to achieve manufacturing and product quality levels of close to zero defects per million, below the six sigma level (a quality measurement standard used by many organizations to eliminate defects in which no more than 3.4 defects occur per million opportunities).

Semiconductor Process Technologies

We have expertise in designing analog power ICs and Hall-Effect sensor ICs using our proprietary mixed-signal semiconductor process technologies.

Different processes produce devices that have performance attributes that are particularly suitable for specific applications. In choosing the process technology to be used to manufacture a new product, we seek to optimize the match between the process technology and the desired performance parameters of the product.

The following summarizes our current strategic semiconductor process technologies:

BiCMOS. Our Hall-Effect sensor IC applications are served using DABiC™, a proprietary process. DABiC™ is a mixed-signal process technology which integrates bipolar and CMOS components along with the Hall-Effect element. This integration enables us to provide magnetic Hall-Effect sensing elements and logic and analog circuitry on a single chip. Our first-generation DABiC™ technology was brought into production in the early 1990s. We are presently on our fourth generation of this technology with a minimum feature size of 0.65 m. The term "minimum feature size" refers to the dimensions of the smallest feature which can be manufactured in the wafer fabrication process. Feature size is continually being reduced as manufacturers seek to integrate more functions on a single chip.

BCD. Our analog power IC and power management applications are served primarily using a proprietary BCD process. BCD is a silicon-based, mixed-signal technology which integrates bipolar, CMOS and DMOS components. This integration enables us to provide the logic (CMOS), analog (bipolar) and power (DMOS) functions required for our analog power IC and power management applications. This technology, first introduced in the early 1990s, has evolved through three generations, each achieving improvements in minimum feature size and voltage capabilities. Our current generation of BCD technology (ABCD4) allows us to produce ICs with minimum feature size of 0.65 m that operate with output voltages up to 60 volts. In addition, we offer 40-volt, 0.5 m power management ICs manufactured for us by PSI with a BCD process technology developed and owned by PSI.

As described in "—Our Relationship with Sanken" above, in collaboration with Sanken and PSI, we are in the process of developing our next-generation BCD process technology called SG5, which we refer to as ABCD5. SG5 is jointly owned by us and Sanken. We expect to use SG5 technology to produce a substantial majority of our future products with shipments manufactured on this technology anticipated to begin in 2009.

CMOS. Our analog power IC and sensor applications in the consumer and communications markets are increasingly being served using PSI's 0.35 m analog CMOS process. This customized CMOS process is a silicon-based, mixed-signal technology which integrates CMOS components along with low performance bipolar components. This integration allows us to design precision analog amplifiers and logic components utilizing highly dense CMOS structures that operate at the extremely low voltage levels required for battery operated applications. The reduced mask list and dense component chip layouts provide us with a highly competitive process. We anticipate that first shipments utilizing this technology will start in late 2007.

Packaging Technologies

Interaction between a semiconductor circuit and its package can significantly affect product performance. Characteristics such as the ability of the package to dissipate heat produced by the IC it contains, or to withstand vibration, shock, high temperature and humidity, and other environmental conditions, are critical. This is particularly true in automotive applications.

Where possible, we use packages and package technologies that are available from our manufacturing subcontractors. Where solutions are not available externally, we develop proprietary solutions. For certain Hall-Effect sensor applications, for example, we have developed proprietary custom packaging which integrates the magnet and the IC in a single package. This integration enables our customers to simplify the design of their products and their supply chains, thus reducing their costs and thereby providing us a competitive advantage.

Our packaging portfolio has and will continue to evolve as we meet the needs of the portable market which demands more highly integrated products with a smaller footprint and thinner profile and with more input/output pins per package.

In order to maintain our competitive position, we have adopted quad flat no-lead, or QFN, packaging technology. Compared with older technologies, QFN technology provides significant improvements in manufacturing cost for lower profile and higher pin count packages. We are also planning to implement wafer level chip scale packaging technology to further enhance the quality of our manufacturing process and our products. We expect that these advanced technologies will enable us to further reduce package footprint and profile while improving electrical performance and eliminating significant portions of the assembly process.

Research and Development

We believe that our future success depends on our ability to continue to rapidly develop and introduce new products. As a result, we are committed to investing in our process and product development capabilities and focusing our engineering efforts on designing and introducing new application-specific products, developing new semiconductor wafer technologies, enhancing design productivity and evaluating competitive technologies.

We have made significant investments in our core engineering capabilities, including improvements in electrical component modeling, magnetic performance modeling and thermal distribution modeling. These improved tools will enable us to more accurately predict the performance of our designs, resulting in improved time-to-market for our products.

We continuously develop new products using specifications guided by input from our customers and end markets. Our team of product and technology development engineers has an average of 13 years of analog industry experience. This team works closely with many of our customers to develop and introduce products that meet their specific requirements. In fiscal year 2007, we introduced 44 new products, and 30.7% of our total net sales for fiscal year 2007 was attributable to Allegro products introduced during fiscal years 2005, 2006 and 2007.

We anticipate that we will continue to make significant research and development investments in order to maintain our competitive position with a continuing flow of innovative, high-quality products and services. As of June 29, 2007, we had 198 employees dedicated to research and development at multiple locations around the world, including the Americas, Asia and Europe.

We incurred research and development expenses of approximately $38.9 million in fiscal year 2007, $35.5 million in fiscal year 2006 and $35.2 million in fiscal year 2005.

Sales, Marketing and Customer Support

We sell Allegro products worldwide through multiple sales channels, including through our direct sales force, which handles sales to both OEMs and EMSs, and through third-party distributors and Sanken, which resell Allegro products to numerous end customers. Our sales derived through each of these channels as a percentage of total net sales for fiscal year 2007 were 57.3%, 23.1% and 19.6%, respectively. We maintain sales and technical support offices in Europe, Asia and the Americas. We intend to expand our sales and support capabilities and our network of distributors in targeted geographic markets.

Our direct sales force and applications engineers provide our customers with technical assistance. We believe that maintaining a close relationship with our customers and providing them with technical support improves their level of satisfaction and enables us to anticipate and influence their future product needs. We provide ongoing technical training to our distributor and sales representatives to keep them informed of our existing and new products.

We maintain an internal marketing organization that is responsible for the production and dissemination of sales and advertising materials, such as product announcements, press releases, brochures, magazine articles, advertisements and cover features in trade journals and other publications, and our product catalog. We also participate in public relations and promotional events, including industry trade shows and technical conferences.

Sanken provides considerable benefit to us by acting as a full-service distributor of our products to Japanese customers. Beyond offering pure distribution services, Sanken also provides Japanese customers with applications support for our new and existing products. As a result, our sales to Japanese customers accounted for approximately 19.6% of our total net sales for fiscal year 2007.

Customers

We sell our products to major global OEMs and key suppliers to major global OEMs across the automotive, computer and office automation, communications, consumer and industrial markets. We sold to

more than 300 end customers during fiscal year 2007 (whether sold directly or indirectly through EMSs, distributors or Sanken), with approximately 41.7% of our total net sales derived from sales to our top ten OEM customers (whether sold directly or indirectly through EMSs, distributors or Sanken). No single customer represented more than 6.7% of our total net sales for fiscal year 2007.

For fiscal year 2007, our top OEM customers by total net sales (whether sold directly or indirectly through EMSs, distributors or Sanken) included Electricfil Automotive, Motorola, Inc., Seiko Epson Corporation and Siemens VDO Automotive AG. For fiscal year 2007, we generated total net sales of $1.0 million or greater from 61 customers (whether sold directly or indirectly through EMSs, distributors or Sanken).

Manufacturing and Operations

Our internal manufacturing operations are conducted at the three locations shown below. At our corporate headquarters in Worcester, MA, we have design, wafer fab, wafer probe and testing facilities. In Manchester, NH, we have design, module assembly and testing facilities. Our subsidiary, Allegro MicroSystems Philippines Inc., or AMPI, in Manila, Philippines, is our principal assembly and testing facility.

Facility	Manufacturing Functions	Facility Size	Status
Worcester, MA	Corporate HQ/ Design/Wafer Fabrication/Wafer Probe/Test	250,000 square feet	Own
Manchester, NH	Design/Module Assembly/ Test/Finish	108,000 square feet	Lease expires 2019
Manila, Philippines	Assembly/Test/Finish	150,000 square feet	Own 48,000 square feet; lease 102,000 square feet (lease expires in 2011)

We maintain additional design and applications support centers in the Americas, Asia and Europe. Our decision to open and maintain additional design centers is based on several factors, including the ability to employ talented engineers at lower costs and the ability to better serve our local customer base.

Our manufacturing strategy consists of a combined internal and external sourcing strategy. This strategy enhances security of supply by providing both internal and external capacity at each stage of the manufacturing process, and has enabled us to reduce our capital requirements, lower our fixed costs, obtain additional capacity to meet customer needs in periods of high demand and establish wafer process technology collaborations.

Wafer fabrication operations at our Worcester, MA facility and at our affiliate PSI, enhance our security of supply and manufacturing flexibility. We intend to increase our use of PSI, our principal wafer foundry, as a source of wafer supply and as the principal location for moving to the next generation of wafer fab technology. We believe that the prices that we pay PSI for wafers are at least as beneficial to us as we would be able to negotiate on an arm's-length basis with unaffiliated third parties.

AMPI's packaging capabilities and quality standards meet stringent automotive specification requirements and this facility is our primary assembly and testing facility for our automotive sensor business. Allegro supplements the assembly capabilities of AMPI with subcontractors in China, Indonesia, Malaysia and Singapore. In the future, we intend to make greater use of assembly subcontractors and purchase packaging services.

While our principle test operations are performed at AMPI, additional test operations are performed at our Worcester, MA, and Manchester, NH facilities. We also have plans to establish an additional test facility in Asia during 2009. Subcontractors in China, Malaysia and Singapore support our internal test capacity.

We are committed to manufacturing products of the highest quality. We have a "zero-defect" or zero defective parts per million produced, or ppm, quality culture focused on meeting or exceeding demanding automotive quality standards. Based on customer returns, we believe that our ppm defect rate has been below

1 ppm for 12 consecutive fiscal quarters. We comply with other industry standard quality measures such as compliance with TS-16949 (the automotive sector-specific quality management system standard), ISO 14001, RoHS (a European standard relating to use of hazardous substances) and Sony Green Partner Program (an environmental standard established by Sony Corporation and applied to its suppliers).

Competition

Our markets are highly competitive and we compete against numerous analog and mixed-signal semiconductor manufacturers. Although no one company competes with us in all of our product lines, we face significant competition in each of our business areas from domestic as well as international companies. Our primary competitors are other semiconductor manufacturers, such as Freescale Semiconductor, Inc., Infineon Technologies AG (Infineon), Micronas GmbH (Micronas), STMicroelectronics N.V. (ST) and Toshiba Corporation. Many of our competitors have substantially greater financial, technical, marketing and management resources than we have. This competitive advantage may allow them to respond more quickly than us to new or emerging technologies or changes in customer requirements. Some of our competitors currently offer product features or technologies that we do not currently offer but intend to sell in the future.

Our major competitors for the sensor product line include Infineon and Micronas. We believe we are well positioned to compete against these organizations by leveraging our design expertise, our market leadership position, our custom packaging capabilities, our broad product portfolio and our large customer base.

In the analog power IC area, we compete with Texas Instruments Incorporated, ST Microelectronics and Infineon. We believe we are well positioned to compete against these competitors by leveraging our automotive customer relationships, systems and design expertise and Sanken's Japanese computer and office automation customer relationships.

Our emerging power management business has multiple broad line competitors such as Maxim Integrated Products, Inc., Linear Technology Corporation and Rohm Co., Ltd. We intend to compete by concentrating on focused application areas that have a small existing market size but show high growth potential.

With respect to our sale of Sanken products, our major competitors include Power Integrations, Inc., Fairchild Semiconductor International, Inc., National Semiconductor Corporation and Infineon. Our activities in this area are primarily focused on serving Sanken's existing customers who have transferred their manufacturing operations to the Americas and developing new business opportunities with Japanese customers located in the Americas.

We believe that the key competitive factors in our markets include:

- time to market;
- system and application expertise;
- product quality and reliability;
- quality systems and support;
- product features and performance;
- proprietary technology;
- production capacity; and
- price.

We believe we currently compete favorably with respect to these factors in the aggregate. However, we cannot assure you that our semiconductor products will continue to compete favorably or that we will be successful in the face of increasing competition from new products and enhancements introduced by existing competitors or new companies entering our market.

Our Intellectual Property

Our intellectual property includes patented inventions, trade secrets, accumulated technical know-how, and trademarks. As of June 29, 2007, we owned 84 U.S. patents with another 31 patents pending. Many of these patents have counterparts in key industrial countries. We also jointly own one patent with one of our customers in the United States and Japan. Generally, we use patents to protect our circuit design inventions and trade secrets to protect our proprietary manufacturing processes. We do not license our patents to third parties. Our issued patents have expiration dates ranging from September 2007 to April 2026, and we believe that the expiration or loss of any individual patent would not materially adversely affect any of our operations.

We market our products worldwide under the “Allegro” name. We either hold or have applied for trademarks in all countries where we do significant business. In Japan, Allegro and Sanken have licensed the “Allegro” trademark from a Japanese company that currently owns the trademark until 2016. The holder of the trademark has agreed not to license the trademark to any other company in the semiconductor industry during that time.

The patent, trademark and other legal actions that we have taken to protect our proprietary information may not be adequate to prevent the misappropriation of our technology. We seek to protect our proprietary technology by requiring our employees and subcontractors to execute confidentiality and nondisclosure agreements and by requiring employees to assign the rights to inventions made by them while at Allegro. We also require nondisclosure agreements when we disclose proprietary information to other third parties such as customers and suppliers. There can be no assurance that our confidentiality and nondisclosure agreements will not be violated or that we will have adequate remedies should violations occur. The laws of certain countries in which we operate may afford little or no protection for our intellectual property and may not afford protection from unauthorized copying, reverse engineering or other misappropriation of our technology. An inability to protect our proprietary technology could harm our ability to sustain and grow our business.

Our Employees

As of June 29, 2007, we employed 2,673 full-time employees, including 198 in research and development, 2,320 in manufacturing, 102 in sales and marketing and 53 in general and administrative. There have been no union attempts at our facilities since we were established. We believe that relations with our employees are good.

Legal Proceedings

We are currently not a party to any material legal proceedings. We may from time to time become involved in litigation relating to claims arising from our ordinary course of business. These claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Environmental Compliance

Our operations and products are subject to a variety of environmental laws and regulations in the jurisdictions in which we operate and sell products governing, among other things, air emissions, wastewater discharges, the use, handling and disposal of hazardous materials, soil and groundwater contamination, employee health and safety, and product content, performance and packaging. Certain environmental laws can impose the entire cost of investigating and cleaning up a contaminated site, regardless of fault, upon any one of a number of parties, including the current or previous owner or operator of the site. These environmental laws also impose liability on any person who arranges for the disposal or treatment of hazardous substances at a contaminated site. Third parties may also make claims against owners or operators of sites, and users of disposal sites, for personal injuries and property damage associated with releases of hazardous substances from those sites.

As with other companies engaged in similar businesses, our failure to comply with present and future environmental legal requirements, or the identification of contamination for which we are liable, could cause us to incur substantial costs, including fines, clean-up costs, investments to upgrade our facilities, or

curtailment of operations. We cannot be certain that the identification of presently unidentified environmental conditions, more vigorous enforcement by the government, enactment of more stringent legal requirements, or other unanticipated events will not occur in the future and give rise to adverse publicity, restrict our operations, effect the design or marketability of our products, or cause us to incur material environmental costs that could have a material adverse effect on our business, financial condition, and results of operations.

We received ISO 14001 certification for our facility in Worcester, MA and for the AMPI facility in the Philippines. The ISO 14001 quality standard is a voluntary standard for environmental management published by the International Standards Organization.

On November 11, 2005, the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources in the Philippines issued a wastewater discharge permit to AMPI with the condition that AMPI construct a sewage treatment facility (STF) for its domestic sewage. Under the original construction schedule submitted to EMB, the STF was to have been completed in December 2006. The STF started operating in mid-July 2007, and the delay in completion and operation was due to issues attributable to the construction contractor. AMPI is sampling wastewater discharges to determine whether they meet legal limits, and intends to apply for a wastewater discharge permit in due course. While it is not possible to determine with precision the period during which AMPI may have discharged sanitary wastewater pollutants in excess of the applicable limits, that period may be from late 2005 or early 2006 until discharges from the STF meet legal limits.

No government agency has stated that it will impose a penalty on AMPI for discharging sanitary wastewater with one or more pollutants at concentrations above the applicable limit, but under the Philippine Clean Water Act (CWA), EMB can recommend the imposition of penalties to the Pollution Adjudication Board (PAB), including a fine for the discharge of pollutants above the legally allowed limit, on a per day basis, of not less than 10,000 Philippine pesos (PHP) (approximately $220) or more than PHP 200,000 (approximately $4,406), where such approximate dollar amounts are based on the July 31, 2007 conversion rate reported in The Wall Street Journal on August 1, 2007. AMPI has been advised by its counsel in the Philippines that it is possible that EMB may not recommend the imposition of the daily penalty because the construction and operation delay was attributable to the contractor, notwithstanding the fact that a revised completion schedule was not submitted to EMB. In the event that a penalty is imposed, based on our understanding of informal, general discussions that AMPI representatives have had with representatives of EMB and PAB, we believe it is unlikely to be material.

We formerly owned and operated a facility in Willow Grove, PA (Willow Grove Site) for manufacturing. We addressed contamination at the Willow Grove Site in phases under the Pennsylvania Land Recycling and Environmental Remediation Standards Act (known as PA Act 2). In correspondence to us from the Pennsylvania Department of Environmental Protection (PADEP) dated December 24, 2003 and February 8, 2005 (PADEP Correspondence), PADEP stated that remediation was complete under PA Act 2. In a letter dated April 6, 2007 (April Correspondence), the United States Environmental Protection Agency (EPA) notified us (under a former name) that it and PADEP are evaluating whether the Willow Grove Site may be impacted by contamination that should be investigated and remediated under the federal Resource Conservation and Recovery Act's Corrective Action Program (Corrective Action Program). Under the Corrective Action Program, EPA is evaluating many sites that managed hazardous waste. The April Correspondence arose out of EPA's current Corrective Action Program to evaluate sites at which hazardous waste was managed. Allegro received the April Correspondence because it managed hazardous waste at the Willow Grove Site. In the April Correspondence, EPA explained that PA Act 2 presents an option for addressing potential contamination. We responded by providing the PADEP Correspondence to EPA. While we cannot rule out the possibility that EPA will require additional action, based on the PADEP Correspondence and the April Correspondence, we believe that EPA will not require such additional action.

MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information with respect to our executive officers and members of our board of directors as of August 8, 2007:

Name	Age	Position
Dennis H. Fitzgerald	57	President and Chief Executive Officer, Director
Yoshihiro Suzuki(1)(2)	48	Executive Vice President, Director
Mark A. Feragne	54	Vice President and Chief Financial Officer
Andre G. Labrecque	50	Vice President of Operations and Quality
Ravi Vig	46	Vice President of Business Development
Steven Miles	59	Vice President of Technology Development
Daniel P. Demingware	48	Vice President of Sales
Sadatoshi Iijima	58	Chairman of the Board
Kiyoshi Imaizumi	62	Director
Hidejiro Akiyama(1)(2)	58	Director
Richard R. Lury	59	Director

(1) Member of the compensation committee.

(2) Member of the nominating/corporate governance committee.

Dennis H. Fitzgerald, President and Chief Executive Officer and Director. Mr. Fitzgerald joined Allegro's predecessor in 1979 and has held various positions of increasing responsibility within the organization. In 1992, he was promoted to the position of Vice President, Worldwide Operations and in 1996, he was assigned to the position of Vice President of Quality Systems. In 2000, Mr. Fitzgerald assumed the role of President and was named Allegro's Chief Executive Officer in 2004. Mr. Fitzgerald holds a BS degree in Mechanical Engineering and an MBA from the University of New Hampshire. Mr. Fitzgerald also is a director of Sanken and PSI.

Yoshihiro Suzuki, Executive Vice President and Director. Mr. Suzuki joined Allegro as Vice President, Sanken Liaison in 2001, at which time he was also appointed to serve as a member of our board of directors. In 2002, Mr. Suzuki was appointed to the position of Executive Vice President, a position he currently holds. Mr. Suzuki received a BS degree in Physics from Chuo University. Mr. Suzuki also serves as a Corporate Officer of Sanken, President and Chief Executive Officer of PSI and Managing Director of another affiliate of us owned by Sanken.

Mark A. Feragne, Vice President and Chief Financial Officer. Mr. Feragne joined Allegro's predecessor in 1985 and has held various positions within the Finance area of Allegro. In 1999, he was promoted to the position of Treasurer and to the position of Vice President and Chief Financial Officer. Mr. Feragne holds a BS degree in Applied Mathematics from Brown University and a MBA from the University of Chicago.

Andre G. Labrecque, Vice President of Operations and Quality. Mr. Labrecque joined Allegro's predecessor in 1982 and has held various positions within Allegro's Operations group. In 1996, he was promoted to the position of Vice President, Operations. In 2003, he assumed additional responsibility for Allegro's Quality functions. Mr. Labrecque holds a BS degree in Management Engineering from Worcester Polytechnic Institute.

Ravi Vig, Vice President of Business Development. Mr. Vig joined Allegro's predecessor in 1984 and has held various positions within Allegro's product development and marketing organizations. In 1990, he was promoted to the position of Strategic Marketing Manager for Automotive products. In 2001, he was promoted to the position of Business Unit Director for Sensor products. In 2004, he was promoted to the position of Vice President of Business Development, with responsibility for all product lines. Mr. Vig holds a BS degree

in Electrical Engineering from Rutgers, an MS degree in Electrical Engineering from Dartmouth College and an MBA from New Hampshire College.

Steven Miles, Vice President of Technology Development. Mr. Miles joined Allegro's predecessor in 1973 and has held various positions within the Engineering and Research and Development areas of Allegro. In 1990, he was promoted to the position of Vice President of Engineering; in 1994, he was promoted to the position of Vice President of New Development. He has held the position of Vice President of Technology Development since 2004. Mr. Miles holds a BS degree in Electrical Engineering from Northeastern University and an MS degree in Electrical Engineering from Rensselaer Polytechnic Institute.

Daniel P. Demingware, Vice President of Sales. Mr. Demingware joined Allegro's predecessor in 1983 and has held various positions within the Operations and Sales areas of Allegro. In 1995, he was promoted to the position of Director of Automotive Sales. In 2005, he was promoted to the position of Vice President of Sales. Mr. Demingware holds an AAS degree in Electrical Engineering Technology from Vermont Technical College.

Sadatoshi Iijima, President of Sanken, Chairman of the Board. Mr. Iijima joined Sanken in 1971 and has held various positions of increasing responsibility within the Accounting, Marketing and Operations divisions of Sanken. In 2002, he was promoted to lead Sanken's Manufacturing facility in Indonesia. In 2003, Mr. Iijima was elected as a Corporate Officer of Sanken, and in 2005 he was appointed as Director and Senior Corporate Officer of Sanken. Mr. Iijima was named Representative Director and President of Sanken in 2006 and currently holds such positions with Sanken. Mr. Iijima holds a BS degree in Management Engineering from Musashi Institute of Technology.

Kiyoshi Imaizumi, Director. Mr. Imaizumi has served as a member of our board of directors since 2007. After joining Sanken in 1968, Mr. Imaizumi has held numerous positions within Sanken, primarily in the areas of sales and marketing. Mr. Imaizumi currently serves on the board of directors of Sanken and is also an Executive Vice President of Sanken. Mr. Imaizumi holds a BA degree in Foreign Studies from Sophia University.

Hidejiro Akiyama, Director. Mr. Akiyama has served as a member of our board of directors since 2001. Prior to joining Sanken in 2000, Mr. Akiyama held various positions at Saitama Bank and The Asahi Bank, Ltd. Mr. Akiyama currently serves on the board of directors of Sanken and is also a Senior Vice President of Sanken. Mr. Akiyama holds a BA degree in Economics from Keio University.

Richard R. Lury, Director. Mr. Lury was elected to serve as a member of our board of directors in July 2007. Mr. Lury is a Partner with Kelley Drye & Warren LLP, a law firm headquartered in New York City. Mr. Lury is Chair of his firm's Asia Practice Group and spends a significant portion of his time in advising Japanese corporations and financial institutions on legal matters affecting their operations in the United States. Mr. Lury received a JD degree from Syracuse University and a BA degree from the University of Pennsylvania. He is admitted to the Bars of New York and New Jersey.

Board of Directors

The members of our board of directors will be elected annually at our annual meeting of stockholders. A majority of our directors are not independent within the meaning of the Nasdaq Marketplace rules. In order to comply with the Nasdaq listing criteria relating to the composition of boards of directors, we intend to rely on the "Controlled Company" exemption in Nasdaq's Marketplace Rule 4350(c)(5). Under this rule, a "Controlled Company" is one in which more than 50% of the voting power is held by an individual, a group or another company. Because of Sanken's ownership of more than 50% of our common stock, we are a Controlled Company under this definition. Prior to the offering, our board of directors is expected to affirmatively determine that Mr. Lury satisfies the definition of "independent director" under Rules 4200 and 4350 of the Nasdaq Marketplace Rules. Consistent with the phase-in rules set forth under Rule 4350(a)(5) of the Nasdaq Marketplace Rules, we will appoint a second independent director within 90 days after this offering and a third independent director within one year of this offering.

Audit Committee

Our board of directors has adopted an audit committee charter which will govern the audit committee to be formed in the near future. The board of directors expects to establish an audit committee composed of three independent directors within the phase-in period provided for under the applicable rules of the SEC and Nasdaq, one of whom is expected to qualify as an "audit committee financial expert," as defined by applicable rules of the SEC and Nasdaq. The audit committee will assist our board of directors in its oversight of:

- our financial reporting process, system of internal controls and accounting practices; and
- the qualifications, independence, appointment, retention, compensation and performance of our registered public accounting firm.

The audit committee will have direct responsibility for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm, Ernst & Young LLP. The audit committee will implement policies and procedures for the pre-approval of all audit services and all permissible non-audit services provided by our independent registered public accounting firm.

Other Committees of the Board of Directors

Our board of directors has established a compensation committee and nominating/corporate governance committee, which are the only standing committees of the board of directors.

Compensation committee. The current members of our compensation committee are Mr. Akiyama, who serves as Chairman, and Mr. Suzuki. The compensation committee:

- discharges the board's responsibilities relating to compensation of our directors and executive officers; and
- reviews and recommends compensation plans, policies and programs to the board, as well as approves individual executive officer compensation.

Nominating/corporate governance committee. The current members of our nominating/corporate governance committee are Mr. Akiyama, who serves as Chairman, and Mr. Suzuki. The nominating/corporate governance committee:

- identifies, evaluates and recommends individuals qualified to be directors to the board of directors for either appointment to the board of directors or to stand for election at a meeting of the stockholders; and
- develops and recommends to the board of directors corporate governance guidelines.

Codes of Business Conduct and Ethics

Prior to this offering we will adopt a code of business conduct and ethics applicable to all of our directors, officers and employees. The code of business conduct and ethics will be available on our website at www.allegromicro.com. We expect that any amendments to the code, or any waivers of its requirements, will be disclosed on our website.

Compensation Committee Interlocks and Insider Participation

For fiscal year 2007, Mr. Suzuki who served as a member of our compensation committee was an officer of Allegro. In addition, except for Messrs. Iijima, Fitzgerald, Imaizumi and Akiyama, who are directors of Sanken, and Messrs. Iijima, Fitzgerald and Suzuki, who are directors of PSI, no member of our board of directors or our compensation committee serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Director Compensation

In fiscal year 2007, we did not provide any member of our board of directors compensation in his capacity as a director. Following this offering, all independent directors will be granted options to purchase shares of our common stock under our 2007 Long-Term Incentive Plan. We intend to also pay an annual cash retainer of $ to each of our independent directors and a per meeting fee for attendance at committee meetings.

In the future, our board of directors expects to adopt an independent director compensation policy that will provide independent directors with an overall compensation package that we believe will be considered customary for directors of a public company and would allow us to attract and retain qualified members of our board of directors. Such a policy may include initial and annual equity awards, annual cash retainers associated with board of directors and board committee service and cash meeting fees. However, at this time no such policy has been agreed to nor adopted.

COMPENSATION DISCUSSION AND ANALYSIS

Our executive compensation program is designed to attract individuals with the skills necessary for us to achieve our business objectives, to reward those individuals fairly over time, to retain those individuals who continue to perform at or above the levels that we expect and to closely align the compensation of those individuals with our short-term and long-term performance. To that end, compensation for our President and Chief Executive Officer, Vice President and Chief Financial Officer and three of our most highly compensated executive officers (named executive officers) has two primary components: base cash compensation, or salary, and stock option grants. In addition, we have historically provided discretionary performance bonuses to recognize individual performance or the achievement of important business objectives, such as the attainment of financial and operational objectives. Finally, we provide our named executive officers a variety of benefits that are available generally to all salaried employees.

General

We view each component of executive compensation as related but distinct, and we also review total compensation of our named executive officers to ensure that our overall compensation goals are met. We determine the appropriate level for each compensation component based in part, but not exclusively, on competitive benchmarking consistent with our recruiting and retention goals, our view of internal equity and consistency, our overall performance and other considerations we deem relevant. For annual compensation reviews, we evaluate each executive's performance, review industry trends in compensation levels and generally seek to ensure that compensation is appropriate for an executive officer's level of responsibility and for the promotion of future performance.

Except as described below, we have not adopted any formal or informal policies or guidelines for allocating compensation between long-term and currently paid out compensation, between cash and non-cash compensation or among different forms of non-cash compensation. However, our philosophy is to make a greater percentage of an employee's compensation performance-based and to keep cash compensation to a nominally competitive level while providing the opportunity to be rewarded through equity if we perform well over time.

To this end, we use stock options as a component of compensation because we believe that they best relate an individual's compensation to the creation of stockholder value. While we offer competitive base salaries and the potential for cash bonus, stock-based compensation has also been a significant motivator in attracting employees for technology companies. In the future, we expect our compensation committee to be active in establishing comprehensive policies and guidelines for executive compensation.

Our compensation committee, composed of members of our board of directors, was established in fiscal year 2005 and has been responsible for performing an annual review of our executive officers' overall compensation packages to determine whether they provide adequate incentives and motivation and whether they adequately compensate our executive officers relative to the market. In evaluating the market for

attracting and retaining qualified executives, our board of directors historically has relied upon its collective experience in our industry in general. To date, we have conducted a detailed analysis of the cash and equity compensation of our chief executive officer and his executive staff and have established general budgetary guidelines for aggregate annual employee cash compensation that, with approval of the compensation committee, has been allocated by our chief executive officer.

For compensation decisions regarding the grant of equity compensation, the board of directors typically considers recommendations from the chief executive officer and other members of management. Upon completion of this offering, we intend for the compensation committee to play the primary role in setting compensation levels for our executive officers among all compensation components. We also anticipate that the compensation committee will also have the authority to grant awards under the Allegro MicroSystems, Inc. 2007 Long-Term Incentive Plan, which will be effective upon completion of this offering.

Elements of Compensation

Compensation for our named executive officers consists of the following elements:

Base compensation. We establish base compensation at a level that we believe, based on the collective industry experience of our board of directors, best enables us to hire and retain individuals in a competitive environment and reward individual performance to our overall business goals. The salaries of Messrs. Fitzgerald, Labrecque, Vig, Feragne and Demingware were increased by approximately 3.1%, 2.1%, 2.6%, 3.0% and 2.5%, respectively, in fiscal year 2007, and by approximately 10.5%, 3.0%, 3.8%, 4.0% and 8.0% in fiscal year 2008, respectively.

With the exception of Mr. Demingware's increase, these increases were part of our normal annual compensation review process and reflect our review of competitive compensation levels in the market. Mr. Demingware's increase reflects his assumption of responsibilities for Allegro's European Marketing organization.

Annual incentive cash bonuses. We have periodically utilized cash bonuses to reward performance achievements and have in place annual target incentive bonuses for each of our named executive officers, payable either in whole or in part, depending on the extent to which the executive has achieved performance goals. Bonuses have generally been reviewed and approved by our board of directors, which has worked to determine the performance and operational criteria necessary for award of such bonuses. In fiscal year 2006, we paid incentive cash bonuses generally in the range of $15,000 to $65,000 for members of our executive management, and $2,000 to $25,000 for other employees.

For fiscal year 2006, Messrs. Fitzgerald, Labrecque, Vig, Feragne and Demingware each received an aggregate bonus of $65,000, $65,000, $60,000, $60,000 and $45,642, respectively, which represented approximately 20.0%, 26.9%, 26.1%, 27.8% and 22.9% of their base salaries, respectively.

For fiscal year 2007, Messrs. Fitzgerald, Labrecque, Vig, Feragne and Demingware each received an aggregate bonus of $185,000, $111,150, $106,200, $100,125 and $66,140, respectively, which represented approximately 55.2%, 45.0%, 45.0%, 45.0% and 32.4% of their base salaries, respectively.

Long-term incentives. We believe that long-term performance is achieved through an ownership culture that encourages such performance by our named executive officers through the use of stock-based awards. We utilize stock options to ensure that our named executive officers have a continuing stake in our long-term success. Because our named executive officers are awarded stock options with an exercise price equal to or greater than the fair market value of our common stock on the date of grant, the determination of which is discussed below, these options will have value to our named executive officers only if the market price of our common stock increases after the date of grant.

Under the Allegro MicroSystems, Inc. 2001 Stock Option Plan, options typically cliff-vest, meaning that they are fully vested five years from the date of grant. Authority to make stock option grants to executive officers has historically rested with our board of directors, and we expect our board of directors will delegate that authority to our compensation committee in the future. In determining the size of stock option grants to

executive officers, our board of directors considers our performance against our business plan, individual performance against the individual's objectives and the recommendations of our chief executive officer and other members of management.

We do not have any program, plan or obligation that requires us to grant equity compensation on specified dates and, because we have not been a public company, we have not made equity grants in connection with the release or withholding of material non-public information. However, we intend to implement policies to ensure that equity awards are granted at fair market value on the date that the grant action occurs.

Under the Allegro MicroSystems, Inc. 2001 Stock Option Plan Allegro MicroSystems, Inc., described in further detail under "—Employee Benefit Plans," we are authorized to grant options to purchase shares of our common stock to our employees and executive officers. Under this Plan, we granted options to Messrs. Fitzgerald, Labrecque, Vig, Feragne and Demingware, to purchase 87,205, 63,700, 63,700, 63,700 and 63,700 shares of our common stock, respectively, as follows:

- Mr. Fitzgerald's option was issued on May 30, 2001 for 87,205 shares of common stock at an exercise price of $6.00 per share. This option vested on May 30, 2006.
- Mr. Feragne's option was issued on May 30, 2001 for 63,700 shares of common stock at an exercise price of $6.00 per share. This option vested on May 30, 2006.
- Mr. Labrecque's option was issued on May 30, 2001 for 63,700 shares of common stock at an exercise price of $6.00 per share. This option vested on May 30, 2006.
- Mr. Vig's option was issued on May 30, 2001 for 63,700 shares of common stock at an exercise price of $6.00 per share. This option vested on May 30, 2006.
- Mr. Demingware's options were issued on May 30, 2001, May 27, 2002 and November 16, 2004, for 20,000, 25,000 and 18,700 shares of common stock, respectively and at an exercise price of $6.00, $6.00 and $12.20, respectively. Mr. Demingware's options vested on March 28, 2006, May 30, 2006 and May 27, 2007, respectively.

Prior to the completion of this offering, we plan to adopt a new Allegro MicroSystems, Inc. 2007 Long-Term Incentive Plan, which is described below under "—Employee Benefit Plans." The Allegro MicroSystems, Inc. 2007 Long-Term Incentive Plan will succeed our existing Allegro MicroSystems, Inc. 2001 Stock Option Plan immediately following this offering and will afford greater flexibility in making a wide variety of equity awards, including stock options, shares of restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares, to executive officers and our other employees. Other than the equity plans described above, we do not have any equity security ownership guidelines or requirements for our executive officers.

Other benefits. Our named executive officers are eligible to participate in all of our employee benefit plans, such as medical, dental, group and supplemental life, short and long-term disability and our Retirement and 401(k) Savings plan, in each case on the same basis as other employees, subject to applicable laws. We also provide vacation and other paid holidays to all employees, including our executive officers, which are comparable to those provided at peer companies.

Summary Compensation Table

The following table summarizes the compensation earned during fiscal year 2007 by our named executive officers who were serving as executive officers as of March 30, 2007 and whose total compensation exceeded $100,000.

Name and Principal Position	Salary	Bonus	Stock Option Awards(1)	All Other Compensation(2)	Total
Dennis H. Fitzgerald President and Chief Executive Officer	$ 333,269	$ 65,000	$ 9,802	$ 17,336	$ 425,407
Mark A. Feragne Vice President of Finance and Chief Financial Officer	$ 221,375	$ 60,000	$ 7,160	$ 12,319	$ 300,854
Andre G. Labrecque Vice President of Operations and Quality	$ 246,135	$ 65,000	$ 7,160	$ 13,515	$ 331,810
Ravi Vig Vice President of Business Development	$ 234,961	$ 60,000	$ 7,160	$ 14,004	$ 316,125
Daniel P. Demingware Vice President of Sales	$ 203,052	$ 60,808	$ 18,298	$ 12,469	$ 294,627

(1) Amounts represent stock-based compensation expense for fiscal year 2007 for stock option awards under SFAS No. 123(R) as discussed in Note 7, "Stock Option Plan," of the Notes to the consolidated financial statements included elsewhere in this prospectus.

(2) Represents amounts paid for car allowances, for non-qualified deferred retirement compensation and amounts paid for life insurance for the employee and the employee's family members.

Option Grants in Last Fiscal Year

No stock option grants or other plan based awards were made to our named executive officers during fiscal year 2007.

Outstanding Equity Awards at end of Fiscal Year 2007

The following table presents certain information concerning the outstanding option awards held as of March 30, 2007 by each named executive officer.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options: Exercisable (#)	Number of Securities Underlying Unexercised Options: Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not vested (#)	Equity Incentive Plan Awards: Market Value or Payout Value of Unearned Shares, Units or Other Rights that have not vested ($)
Dennis H. Fitzgerald	87,205	—	$ 6.00	5/30/2011	—	—
Mark A. Feragne	63,700	—	$ 6.00	5/30/2011	—	—
Andre G. Labrecque	63,700	—	$ 6.00	5/30/2011	—	—
Ravi Vig	63,700	—	$ 6.00	5/30/2011	—	—
Daniel P. Demingware	20,000	—	$ 6.00	5/30/2011	—	—

Option Exercises and Stock Vested in Last Fiscal Year

No options were exercised and no stock awards were vested by any of our named executive officers during fiscal year 2007.

Pension Benefits

The named executive officers are not currently entitled to or are they ever expected to receive a pension benefit under any defined benefit pension plan sponsored by us or Sprague.

Defined Contribution Retirement and Savings Plan

All employees, including the named executive officers, are eligible to participate in the Allegro MicroSystems, Inc. Employees' Retirement and Savings Plan through which a defined retirement contribution and company match are made in accordance with the Plan.

Non-Qualified Deferred Compensation

Our executive staff, including the named executive officers, are eligible to participate in a Non-Qualified Deferred Compensation Plan. In addition to providing executives the option of deferring certain income through this plan, we make retirement contributions which would have otherwise been prevented by reason of the limitation imposed by Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (IRC). Plan balances, contributions and earnings as of March 30, 2007 are as follows:

Name	Non-Qualified Deferred Compensation Plan Balance as of March 30, 2007	Company Contribution During Fiscal Year 2007	Fund Earnings During Fiscal Year 2007
Dennis H. Fitzgerald	$ 13,712	$ 4,423	$ 433
Mark A. Feragne	—	—	—
Andre G. Labrecque	$ 4,675	$ 992	$ 169
Ravi Vig	$ 1,195	$ 534	$ 32
Daniel P. Demingware	$ 177	$ 176	$ 1

Employee Benefit Plans

2001 Stock Option Plan

Our 2001 Stock Option Plan was approved by our board of directors on May 30, 2001. This Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the IRC to our employees, and for the grant of nonstatutory stock options to our employees and consultants. As of March 30, 2007, options to purchase 3,069,790 shares of common stock were outstanding with a weighted average exercise price of $7.27 per share. 680,210 shares were available for future grant under the 2001 Stock Option Plan as of March 30, 2007.

We will not grant any additional awards under our 2001 Stock Option Plan following this offering. Instead, we will grant options under our 2007 Long-Term Compensation Plan. Options which have been reserved but not issued under our 2001 Stock Option Plan and any options returned to our 2001 Stock Option Plan on or after the effective date of this offering as a result of termination or exercise of options will be canceled.

2007 Long-Term Incentive Plan

We expect that our board of directors will approve the 2007 Long-Term Incentive Plan prior to this offering. This plan provides for the grant of incentive stock options, within the meaning of Section 422 of the IRC to our employees and any parent and subsidiary corporations' employees, and for the grant of

nonstatutory stock options, stock appreciation rights, or SARs, restricted stock, bonus stock and performance shares to our employees, directors and consultants and our parent and subsidiary corporations' employees and consultants.

Share reserve. We have reserved a total of shares of our common stock for issuance under the 2007 Long-Term Incentive Plan.

Administration of awards. The compensation committee of our board administers our 2007 Long-Term Incentive Plan. In the case of options intended to qualify as "performance based compensation" within the meaning of Section 162(m) of the IRC, the committee will consist of two or more "outside directors" within the meaning of Section 162(m) of the IRC.

The compensation committee has the power to select eligible persons for participation in this Plan and determine the form, amount and timing of each award to such persons and, if applicable, the number of shares of common stock, the number of SARs and the number of performance shares subject to such an award, the exercise price or base price associated with the award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award, including, without limitation, the form of the Agreement evidencing the award.

In addition, the committee may, in its sole discretion and for any reason at any time, subject to the requirements of Section 162(m) of the IRC and regulations thereunder in the case of an award intended to be qualified performance-based compensation, take action such that (1) any or all outstanding options and SARs shall become exercisable in part or in full, (2) all or a portion of the restriction period applicable to any outstanding restricted stock award shall lapse, (3) all or a portion of the performance period applicable to any outstanding performance share award shall lapse and (4) the performance measures applicable to any outstanding award (if any) shall be deemed to be satisfied at the maximum or any other level. The compensation committee shall, subject to the terms of this Plan, interpret this Plan and the application thereof, establish rules and regulations it deems necessary or desirable for the administration of this Plan and may impose, incidental to the grant of an award, conditions with respect to the award, such as limiting competitive employment or other activities. All such interpretations, rules, regulations and conditions shall be final, binding and conclusive.

Stock options. The compensation committee will determine the exercise price of options granted under our 2007 Long-Term Incentive Plan, provided, however, that the exercise price of options granted under our 2007 Long-Term Incentive Plan must at least be equal to the fair market value of our common stock on the date of grant. The term of an incentive stock option may not exceed ten years, except that with respect to any participant who owns 10% of the voting power of all classes of our outstanding stock as of the grant date, the term must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. The administrator determines the term of all other options.

After termination of an employee, director or consultant, he or she may exercise his or her option for the period of time stated in the option agreement. Generally, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, the option will generally terminate automatically on the effective date of the option holder's termination of employment. However, an option generally may not be exercised later than the expiration of its term.

Stock appreciation rights. Stock appreciation rights may be granted under our 2007 Long-Term Incentive Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. The compensation committee determines the terms of stock appreciation rights, including determining the number of SARs to be granted, defining when such rights become exercisable and whether increased appreciation is paid in cash or with shares of our common stock, or a combination thereof. Stock appreciation rights expire under the same rules that apply to stock options.

Stock awards. Restricted stock and bonus stock awards may be granted under our 2007 Long-Term Incentive Plan. Restricted stock awards are shares of our common stock that vest in accordance with terms and conditions established by the compensation committee. The compensation committee will determine the

number of shares of restricted stock granted to any employee and may determine the vesting conditions it deems to be appropriate. For example, the committee may set restrictions based on the achievement of specific performance goals. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture. Relative to bonus stock awards, the committee is responsible for determining the number of shares granted to an employee. These awards, however, are not subject to any performance measures or restriction periods.

Performance shares. Performance shares may be granted under our 2007 Long-Term Incentive Plan. Performance shares are awards that will result in a payment to a participant only if performance goals established by the committee are achieved or the awards otherwise vest. The compensation committee will establish organizational or individual performance goals in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance shares to be paid out to participants. Performance shares shall have an initial value equal to the fair market value of our common stock on the grant date. Payment for performance shares may be made in cash or in shares of our common stock with equivalent value, or in some combination, as determined by the committee.

Transfer of awards. Unless the committee provides otherwise, our 2007 Long-Term Incentive Plan does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime.

Change of control transactions. Our 2007 Long-Term Incentive Plan provides that in the event of our change in control, by reason of a reorganization, merger, consolidation, sale or disposition of all or substantially all of our assets or a complete liquidation or dissolution of Allegro, as defined in Section (b)(3) or (4) of the 2007 Long-Term Incentive Plan, (1) all outstanding options and SARs shall immediately become exercisable in full, (2) the restriction period applicable to any outstanding restricted stock award shall lapse, (3) the performance period applicable to any outstanding performance share shall lapse, (4) the performance measures applicable to any outstanding award shall be deemed to be satisfied at the maximum level and (5) there shall be substituted for each share of common stock available under this Plan, whether or not then subject to an outstanding award, the number and class of shares into which each outstanding share of common stock shall be converted pursuant to such change in control. In the event of any such substitution, the purchase price per share in the case of an option and the base price in the case of an SAR shall be appropriately adjusted by the compensation committee (whose determination shall be final, binding and conclusive), such adjustments to be made in the case of outstanding options and SARs without an increase in the aggregate purchase price or base price.

Plan amendments. Our 2007 Long-Term Incentive Plan will automatically terminate in 2017, unless we terminate it sooner. In addition, our board of directors has the authority to amend, suspend or terminate the 2007 Equity Incentive Plan provided such action does not impair the rights of any participant.

Allegro MicroSystems, Inc. Employees' Retirement and Savings Plan

We sponsor a qualified employee retirement and savings plan for all employees who have attained age 21. The plan includes a defined contribution, profit sharing retirement plan and a voluntary employee savings plan.

Defined contribution retirement account. We make the following contributions to employees' retirement accounts: (1) a contribution equal to 2% of plan eligible pay on earnings up to 60% of the social security maximum wage base and (2) 4% of plan eligible pay on earnings that are in excess of 60% of the social security wage base. In addition, for non highly-compensated salaried employees, we make a year-end true up retirement contribution to ensure that the total retirement contribution made to eligible associates was 4% of 2007 plan eligible pay.

Voluntary employee savings and company match. Through the voluntary employee savings portion of the plan, employees may elect to reduce their current plan eligible compensation by up to 50%, subject to certain plan and statutory limitations. We provide a match equal to 25% of an employee's deferral not exceeding six percent of plan eligible compensation for the year. The voluntary employee savings portion of the plan

qualifies under Section 401 of the IRC so that employee contributions and the company match, as well as income earned on plan contributions, are not taxable to employees until withdrawn from the plan.

Agreements with Named Executive Officers

We entered into an employment agreement with Dennis H. Fitzgerald, our President and Chief Executive Officer, in March 2001. This agreement was amended by a letter agreement in June 2003 under which only the severance provisions of such employment agreement currently remain effective. The following summarizes the severance provisions that are currently in effect:

- if Mr. Fitzgerald resigns or if we terminate his employment for good cause (as such term is defined in the employment agreement), we have no severance obligations;
- if we terminate Mr. Fitzgerald's employment for reason without good cause, we are obligated to pay Mr. Fitzgerald an amount equal to his salary, at his then current rate of pay, for a period equal to two years. One year of this payment will be made in a lump sum, with the remaining payments to be made through monthly payments; and
- in addition, Mr. Fitzgerald will be provided certain ancillary benefits, such as continued coverage under our group health plans, consistent with our general severance policy for full-time salaried employees.

Messrs. Feragne, Labrecque, Vig and Demingware are entitled to severance pay under our severance policy available to executive employees. The following summarizes the severance policy applicable to Messrs. Feragne, Labrecque, Vig and Demingware:

- if Messrs. Feragne, Labrecque, Vig and Demingware resign or retire, or if we terminate their employment for cause, we have no severance obligations. "Cause" is defined as (1) any act of personal dishonesty taken by the employee in connection with his/her responsibilities as an employee and intended to result in personal enrichment of the employee, (2) the conviction or plea of nolo contendere with respect to a felony, (3) a willful act by the employee which constitutes gross misconduct and which is injurious to us and (4) following delivery to the employee of a written demand for performance from us which describes the basis for our belief that the employee has not substantially performed his/her duties, continued violations by the employee of the employee's obligations to us which are demonstrably willful and deliberate on the employee's part;
- if we terminate Messrs. Feragne, Labrecque, Vig or Demingware for reason without cause, such as (1) termination as a result of the closing of a facility, (2) termination as a result of the restructuring of our organization or (3) the relocation of the employee to a facility or location more than fifty miles from the employee's then present location, we are obligated to pay the greater of (i) the severance pay applicable to our other full-time salaried employees under our general severance policy (i.e., the greater of (a) five weeks of base annual salary or (b) one week of base annual salary for each year of service with us on a pro rated basis) or (ii) one week (including fractions of a week) for each $3,000 of annual base salary, subject to a maximum of 52 weeks; and
- in addition, Messrs. Feragne, Labrecque, Vig and Demingware will be provided certain ancillary benefits, such as continued coverage under our group health plans, consistent with our general severance policy for full-time salaried employees.

Limitation of Liability and Indemnification

As permitted by the Delaware General Corporation Law, our amended and restated certificate of incorporation and amended and restated by-laws limit or eliminate the personal liability of our directors and officers, including those directors and officers who serve as a director or officer of another entity at our

request. Consequently, a director or officer will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director or officer, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any unlawful payments related to dividends or unlawful stock purchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

These limitations of liability do not alter director liability under the federal securities laws and do not affect the availability of equitable remedies such as an injunction or rescission.

In addition, our amended and restated certificate of incorporation and amended and restated by-laws provide that:

- we will indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law; and
- we will advance expenses, including attorneys' fees, to our directors and officers in connection with legal proceedings, subject to limited exceptions.

We also maintain a general liability insurance which covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers, including liabilities under the Securities Act. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or officers of our company, or persons controlling our company pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

The provisions that limit or eliminate the personal liability of our directors in our amended and restated certificate of incorporation and the amended and restated by-laws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. We believe that these provisions, indemnities and insurance are necessary to attract and retain talented and experienced directors and officers. At present, there is no pending litigation or proceeding involving any of our directors or officers where indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding that might result in a claim for such indemnification.

TRANSACTIONS AND ARRANGEMENTS WITH SANKEN AND PSI

Since our formation in 1990 and through the date of the closing of this offering, we have been a wholly owned subsidiary of Sanken, and we will continue to be controlled by Sanken after the closing. As a subsidiary of Sanken, we have engaged from time to time in related-party transactions and arrangements with Sanken, several of which will continue after the closing of this offering. We have also engaged in related-party transactions with PSI, Sanken's wholly owned wafer fabrication subsidiary and our affiliate. We have summarized below the current arrangements that we have with Sanken and PSI. These include an affiliation agreement between Sanken and us, several commercial agreements between Sanken and us, a wafer foundry agreement between PSI and us, a technology development agreement among Sanken, PSI and us, a technology transfer agreement between Sanken and us, and four unsecured loans from Sanken to us. Each of these agreements is attached as an exhibit to the registration statement of which this prospectus forms a part, and its summary below is qualified in its entirety by reference to the exhibit. From time to time, Sanken, Allegro and PSI may engage in other two- or three-party agreements. Following this offering, our audit committee will be responsible for reviewing and advising our board of directors on agreements between us and any of our affiliates, including Sanken and PSI.

Affiliation Agreement

We expect that the Affiliation Agreement between Sanken and us will become effective as of the closing of the offering made by this prospectus. It contains provisions related to our relationship with Sanken following this offering. Under the Affiliation Agreement, we will continue to provide to Sanken the financial information and other non-financial information that is necessary and reasonable for Sanken to have in order for Sanken to comply with its reporting requirements under Japanese securities laws. Sanken has agreed that it will not make public any such information until we make such information public and that Sanken will not trade in any of our securities while it is in possession of any material non-public information that it receives from us. These obligations relating to material non-public information and trading are in addition to the reciprocal obligations of Sanken and us under the Affiliation Agreement to protect the confidentiality of each other's proprietary information that we each learn in furtherance of our collaborations on various commercial, manufacturing and technology development initiatives.

Commercial Agreements

Sanken and we are parties to three currently existing commercial agreements. These include two reciprocal product distribution agreements for Japan and the Americas, respectively, and an agreement under which we act as Sanken's sales representative in the Americas.

Distribution Agreements

Under our two reciprocal Distribution Agreements with Sanken, Sanken acts as the exclusive distributor of our products in Japan, and we act as the exclusive distributor of Sanken's products in the Americas, in each case, subject to exceptions for products that Sanken and we agree from time to time to exclude from either agreement. Each of us, as distributor under the applicable Distribution Agreement, has the right to appoint sub-distributors in our applicable territories. The price that each of us, as distributor, pays for the products under the applicable Distribution Agreement is set at a fixed percentage of the price at which each of us, as distributor, in turn sells the products to our respective customers. As each other's exclusive distributor, we are each obligated to use commercially reasonable efforts to promote the sale of the products covered by the applicable Distribution Agreement. For fiscal year 2007, we purchased approximately $21.9 million of Sanken products as a distributor of Sanken products in the Americas and sold approximately $62.9 million of Allegro products to Sanken as a distributor of our products in Japan.

As our exclusive distributor in Japan, Sanken works with customers in Japan to design our products into products that some of our customers manufacture outside of Japan. As compensation for Sanken's design-in efforts and support, we will pay Sanken a commission equal to a fixed percentage of our net sales of design-in

products. The amount of commission we paid to Sanken during fiscal year 2007 in connection with “design-in products” was immaterial.

Each of Sanken and us, as manufacturer under the applicable Distribution Agreement, warrants that for a certain period following delivery from our respective factories our respective products will be free from defects in materials or workmanship and will meet any applicable specifications for such products. The remedy breach of this warranty is repair or replacement or, at the election of either party, repayment or credit for the amount paid for the applicable product. In addition, each of us as manufacturer under the applicable Distribution Agreement has agreed to indemnify and hold harmless the other party as distributor for any claims, damages, expenses and the like (including reasonable attorneys’ fees) arising from any allegation or claim that the sale of the manufacturer’s products in the distributor’s territory infringes the intellectual property rights of any third party.

Each Distribution Agreement expires on March 31, 2010 and is thereafter automatically subject to successive three-year renewals unless either party gives notice of termination upon 12 months prior to expiration of any of these three-year periods. Each Distribution Agreement is terminable upon specified bankruptcy and insolvency events.

Sales Representative Agreement

We have entered into a Sales Representative Agreement with Sanken under which we act in the Americas as Sanken’s non-exclusive sales representative for products from three of Sanken’s product lines, including alternating current adapters, switching mode power supplies and transformers. We are obligated to use commercially reasonable efforts to promote the sale of these products in the Americas through a qualified sales organization and to refrain from representing or distributing products manufactured by third parties that compete with the Sanken products. Orders from customers are fulfilled by Sanken, and we receive as a commission a percentage of the resulting net sales by Sanken. The amount of commission Sanken paid to us during fiscal year 2007 in connection with the promotion of alternating current adapters, switching mode power supplies and transformers was approximately $99,000.

The Sales Representative Agreement has a one-year term expiring on July 20, 2008, and automatically renews for successive one-year periods unless either party gives the other notice of termination three months prior to the expiration of each such period. The Sales Representative Agreement is terminable upon specified bankruptcy and insolvency events.

Wafer Foundry Agreement

We have entered into a Wafer Foundry Agreement with our affiliate PSI. Under the Wafer Foundry Agreement, we purchase semiconductor wafers manufactured by PSI at its wafer fabrication facility in Bloomington, MN. Some of the process technology and related inventions used by PSI to manufacture these wafers have been jointly developed by Sanken and us and have been licensed non-exclusively and royalty-free to PSI for this use under the Wafer Foundry Agreement. Our intellectual property rights in this process technology and related inventions are protected primarily as trade secrets. The license that we have granted to PSI is limited to the manufacture of wafers by PSI at its Bloomington, MN wafer fabrication facility or such other facility operated or subcontracted by PSI and to which we consent in our sole and absolute discretion. PSI is prohibited from sublicensing or otherwise transferring this technology to any third party. In addition, we may revoke this license, in whole or in part, at any time in our sole and absolute discretion.

The manufacture of wafers involves several processes (several of which are validated through the use of process qualification wafers) and the use of photolithographic masks for processing each layer of electronic components on the wafers. Before terminating any of these processes, PSI must obtain our consent, provide qualification wafers to us without charge and reimburse us for the purchase of masks for qualifying each process with a change requiring mask changes.

Under the Wafer Foundry Agreement, PSI produces wafers for sale to us in response to purchase orders for quantities that are consistent with forecasts that we provide to PSI on a periodic basis and up to certain

maximum reserve capacity that PSI has guaranteed to us. We may cancel purchase orders subject to payment of specified termination charges that are based on the stage of production that PSI may have already achieved to fill the applicable orders. The purchase price for wafers that we are required to pay PSI is set forth in the Wafer Foundry Agreement and is subject to periodic revision. For fiscal year 2007, we purchased approximately $29.2 million of wafers from PSI. We believe that the wafer supply prices that we have negotiated with PSI under the Wafer Foundry Agreement are no less favorable to us than we would have been able to negotiate at arm's length with an independent manufacturer of wafers.

The term of the Wafer Foundry Agreement continues through March 31, 2012, unless terminated earlier because of the occurrence of events specified in the Wafer Foundry Agreement. Each of PSI and us has the right to immediately terminate the Wafer Foundry Agreement, without liability upon written notice to the other party, if the other party becomes subject to specified bankruptcy and insolvency events. In the event that PSI becomes the subject of voluntary or involuntary petition in bankruptcy, or any proceeding related to insolvency or composition for the benefit of creditors, and such proceeding is not dismissed within a certain period of time, we have the right to access PSI's wafer manufacturing technology and a non-exclusive, worldwide, royalty-free license, with the right to grant sublicenses, to use the manufacturing processes associated with this technology in order to make, or have made, wafers that PSI would have otherwise been obligated to manufacture and supply to us in compliance with the Wafer Foundry Agreement but for PSI's bankruptcy, insolvency or composition for the benefit of creditors. This license would terminate upon the earlier of (1) such time that PSI emerges from any such bankruptcy or insolvency proceeding and (2) such time that the Wafer Foundry Agreement would have otherwise terminated in accordance with its terms.

For breaches or defaults in the performance of any of the terms, conditions, covenants, or agreements contained in the Wafer Foundry Agreement, the breaching party has the right to cure the breach within a certain period of time after delivery by the non-breaching party of written notice of the breach, subject to an extension if the breaching party has begun substantial corrective action to remedy the breach within a certain period of time after delivery of the notice of the breach and such extension would not cause irreparable harm to the business prospects of the non-breaching party.

Technology Development and Cross-Licensing Agreements

As described elsewhere in this prospectus, Sanken, PSI and we are currently collaborating on the development of our next generation of wafer manufacturing technology. Sanken refers to this technology as "SG5/ABCD5," and we refer to it as "ABCD5." Our collaboration is the subject of the Amended and Restated Joint Technology Development Agreement (Joint Technology Development Agreement) described below.

Joint Technology Development Agreement

The Joint Technology Development Agreement, as amended, requires each of Sanken and us to pay one-half of a substantial portion of the costs to develop the SG5/ABCD5 technology and provides that Sanken and us jointly own the SG5/ABCD5 technology. During fiscal year 2007, we reimbursed approximately $1.6 million to PSI for costs incurred under the Joint Technology Development Agreement.

Under the Joint Technology Development Agreement, PSI has granted each of Sanken and us a nonexclusive license for a portion of PSI's "Polar 35" technology, one of the technologies upon which the SG5/ABCD5 technology will be based. Sanken and we each made a one-time payment to PSI in consideration of PSI's grant of this license during fiscal year 2007.

Generally, wafer fabrication entails a series of individual processing steps, or "unit processes," which are combined to create "process modules." A specific combination of process modules will result in the creation of a unique process technology. The unit processes and process modules developed for the SG5 technology will be owned jointly by Sanken, PSI and us. In addition, as part of the SG5/ABCD5 technology development or as part of any separate project with Sanken and/or us, PSI may develop additional wafer fabrication technology that PSI is permitted under the Joint Technology Development Agreement to use for manufacturing wafers for third parties so long as that technology does not compete with Sanken's or our technology for a certain period from the date on which PSI establishes its capability to manufacture products using the

SG5/ABCD5 technology. Sanken and we have the right to access the details of any unit processes, process modules and such additional technology, but we will be restricted from selling or disclosing (except pursuant to the terms of a separate non-disclosure agreement) any of these items to other subcontractors who manufacture wafers for Sanken or us or other partners of Sanken or us in connection with the development of future wafer fabrication technologies. Sanken and we have a limited right to transfer to third parties the SG5/ABCD5 technology developed with PSI to the extent that our reasonably projected respective wafer fabrication requirements exceed PSI's capacity plans and/or allocations to Sanken and/or us, or PSI is in material noncompliance with production quality and delivery obligations to Sanken and/or us, or second sourcing requirements for security of supply, or a change of control of Sanken or us.

Under no circumstances may Sanken or we disclose the SG5/ABCD5 technology to any third parties, except to specific customers of Sanken and ours in commercial situations for marketing and qualification purposes. Similarly, PSI may not disclose the SG5/ABCD5 technology to any third party, except as necessary in connection with the limited rights granted to PSI to use certain elements of the technology. In addition, neither Sanken nor we may apply for any patents claiming any inventions comprising the SG5/ABCD5 technology without obtaining the permission of, and only jointly with, the other party.

Technology Development Agreement for ABCD4 Technology

We use our ABCD4 technology to manufacture products primarily for applications in the computer and office automation market. We developed our ABCD4 technology as the next generation of our ABCD3 technology in order to reduce the size of the electronic elements comprising our analog IC products. To develop our ABCD4 technology we entered into a Technology Development Agreement with PolarFab (now PSI), prior to its acquisition by Sanken. At the time of execution of this Technology Development Agreement, PolarFab was not yet owned by Sanken and was, therefore, not yet our affiliate. Several of the rights that we granted to PolarFab in the Technology Development Agreement survive the development of our ABCD4 technology and are today held by PSI. We believe that our relationship with PolarFab led in large part to its acquisition by Sanken and the relationship that exists today between and among Sanken, PSI and us.

Under the Technology Development Agreement, PolarFab provided us with the engineering assistance and wafer manufacturing process development capacity that we needed to develop our ABCD4 technology and to implement this technology in our own fabrication facility. In addition to technology development, the Technology Development Agreement also provided for PolarFab to use our ABCD4 technology to manufacture exclusively for us commercial quantities of ABCD4 wafers. PSI's supply of ABCD4 wafers to us is now covered by the Wafer Foundry Agreement described above. While we agreed in the Technology Development Agreement that PolarFab would act as our foundry for ABCD4 wafers, we reserved the right to transfer ABCD4 technology to our own facilities and to third party manufacturers as long as these third party manufacturers use the technology to manufacture wafers for us.

In order for PolarFab to provide us with the engineering assistance and process development capacity required to develop our ABCD3 technology into our ABCD4 technology, we needed to provide PolarFab with access to our ABCD3 technology. Beyond the right to use our ABCD3 technology to assist us in developing our ABCD4 technology, we granted PolarFab a royalty-bearing right to use our ABCD3 technology to manufacture wafers for third parties. This right is today held by PSI. For fiscal year 2007, no royalty payments were made by PSI to us. In addition to payment of royalties on the price at which PSI sells wafers manufactured with our ABCD3 technology, PSI is obligated until an agreed upon period after the termination of the Technology Development Agreement not to sell wafers manufactured with our ABCD3 technology for semiconductors that exploit the Hall Effect or to specified competitors of ours. Except in the case of a sale of all or some portion of PSI, PSI is generally restricted from disclosing, selling or transferring ABCD3 or ABCD4 technology to any third party.

Technology Transfer Agreement for ABCD3/SBCD3 Technology

We use our ABCD3 technology to manufacture our products for applications in the automotive and office automation industries. Sanken uses a similar technology that it calls SBCD3. We developed the ABCD3

technology in part through access to Sanken's technology, and Sanken developed its SBCD3 technology in part through access to our technology. Sanken and we executed the Technology Transfer Agreement to cross-license to each other various elements of the ABCD3 and SBCD3 technologies and to provide for one-time payments between us in consideration of this cross-license. Under the Technology Transfer Agreement, we granted to Sanken, and Sanken granted to us, a permanent, worldwide, nonexclusive, royalty-free license to utilize our respective BCD3 technologies.

Borrowings from Sanken

From time to time, Sanken has made unsecured loans to us. As of March 30, 2007, we owed Sanken an aggregate principal amount of $16.7 million under four outstanding loans. With respect to each of these loans, one in the principal amount of $10.0 million borrowed in April 2003, one in the principal amount of $6.0 million borrowed in April 2004, one in the principal amount of $8.0 million borrowed in July 2005 and one in the principal amount of $3.3 million borrowed in January 2007, principal is paid semi-annually with interest on the unpaid principal amount equal to the three-month LIBOR plus 0.45%. The first of these loans in the principal amount of $10.0 million has been repaid as of the date of this prospectus and the aggregate principal amount outstanding under the three remaining loans from Sanken is $14.3 million as of the date of this prospectus. The provisions of our remaining three Sanken intercompany loans allow us to pre-pay the amounts due without penalty and do not contain restrictive covenants; however, each of the outstanding loans can be accelerated by Sanken in the event that we fail to make timely payments of principal or interest, and such default is not cured within ten days.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information as of June 29, 2007 about the number of shares of common stock beneficially owned and the percentage of common stock beneficially owned before and after the completion of this offering by:

- each person known to us to be the beneficial owner of more than 5% of our common stock;
- each of the executive officers named under “Management—Compensation Discussion and Analysis;”
- each of our directors; and
- all of the directors and executive officers as a group.

In accordance with the SEC rules, beneficial ownership includes any shares for which a person or entity has sole or shared voting power or investment power and any shares for which the person or entity has the right to acquire beneficial ownership within 60 days after June 29, 2007 through the exercise of any option or otherwise. Except as noted below, we believe that the persons named in the table have sole voting and investment power with respect to the shares of common stock set forth opposite their names.

Except for the selling stockholder and unless otherwise noted below, the address of each beneficial owner listed in the table is: c/o Allegro MicroSystems, Inc., 115 Northeast Cutoff, Worcester, MA 01606. The principal address of Sanken, the selling stockholder, is: 3-6-3 Kitano, Niiza-shi, Saitama, 352-8666, Japan.

	Shares Beneficially Owned Before Offering		Number of Shares to be Offered	Shares Beneficially Owned After Offering Without Over-allotment		Shares Beneficially Owned After Offering With Over-allotment	
	Number	Percent		Number	Percent	Number	Percent
5% Stockholders:							
Sanken Electric Co., Ltd.	25,000,000	89.1%					
Named Executive Officers and Directors:							
Dennis H. Fitzgerald(1)	87,205	*	—				
Yoshihiro Suzuki(2)	—	—	—				
Mark A. Feragne(1)	63,700	*	—				
Andre G. Labrecque(1)	63,700	*	—				
Ravi Vig(1)	63,700	*	—				
Daniel P. Demingware(1)	63,700	*	—				
Sadatoshi Iijima(2)	—	—	—				
Kiyoshi Imaizumi(2)	—	—	—				
Hidejiro Akiyama(2)	—	—	—				
Richard R. Lury(3)	—	—	—				
All named executive officers and directors as a group (10 persons)	342,005	1.2%	—				

* Less than one percent.

(1) Represents outstanding options that are exercisable at the time of this offering.

(2) The address for each of these directors is 3-6-3 Kitano, Niiza-shi, Saitama, 352-8666, Japan.

(3) The address for Richard R. Lury is 200 Kimball Drive, Parsippany, NJ 07054.

DESCRIPTION OF CAPITAL STOCK

We have provided below a summary description of our capital stock. This description is not complete. You should read the full text of our amended and restated certificate of incorporation and amended and restated by-laws, which are included as exhibits to the registration statement of which this prospectus forms a part, as well as the provisions of applicable Delaware law.

General

Upon completion of this offering, the total amount of our authorized capital stock will consist of 50,000,000 shares of common stock. After giving effect to this offering, we will have shares of common stock and no shares of preferred stock outstanding. As of the date of this prospectus, Sanken is our only stockholder of record. The following summary of provisions of our capital stock describes all material provisions of, but does not purport to be complete and is subject to and qualified in its entirety by, our amended and restated certificate of incorporation and our amended and restated by-laws to be effective upon the closing of this offering, which are included as exhibits to the registration statement of which this prospectus forms a part and by the provisions of applicable law.

Common Stock

Our amended and restated certificate of incorporation provides that we may issue 50,000,000 shares of common stock. The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. All shares of our common stock are entitled to share equally in any dividends our board of directors may declare from legally available sources.

We have applied to list our common stock on the Nasdaq Global Select Market under the symbol “ALGM.”

The transfer agent and registrar for our common stock is .

Anti-takeover Provisions

Neither our amended and restated certificate of incorporation nor our amended and restated by-laws have any provisions that may have the effect of deterring or delaying attempts by our stockholders to remove or replace management, engage in proxy contests and effect changes in control. However, we are subject to Section 203 of the Delaware General Corporation Law. Subject to specified exceptions, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the time of the transaction in which the person became an interested stockholder without the prior approval of our board of directors or the subsequent approval of our board of directors and our stockholders. “Business combinations” include mergers, asset sales and other transactions resulting in a financial benefit to the “interested stockholder.” Subject to various exceptions, an “interested stockholder” is a person who together with his or her affiliates and associates, owns, or within three years did own, 15% or more of the corporations outstanding voting stock. These provisions may have the effect of deterring or delaying a tender offer or takeover attempt (such as changes in incumbent management, proxy contests or changes in control).

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there was no market for our common stock. We can make no predictions as to the effect, if any, that sales of shares or the availability of shares for sale will have on the market price prevailing from time to time. Nevertheless, sales of significant amounts of our common stock in the public market, or the perception that those sales may occur, could adversely affect prevailing market prices and impair our future ability to raise capital through the sale of our equity at a time and price we deem appropriate.

Sale of Restricted Shares

Upon completion of this offering, we will have shares of common stock outstanding. In addition, 3,052,890 shares of common stock are issuable upon the exercise of currently exercisable stock options, subject to the provision of the lock-up agreements. All of the shares to be outstanding after the offering, shares of common stock, will be freely tradable without restriction under the Securities Act, subject in certain cases to volume limitations, manner of sale limitations and notice requirements of Rule 144 under the Securities Act and except for any shares which may be held or acquired by an "affiliate" of our company, as that term is defined in Rule 144, which shares will be subject to volume limitations, manner of sale limitations and notice requirements of Rule 144 described below.

In general, under Rule 144 as currently in effect, an affiliate of our company will be entitled to sell in the public market a number of shares within any three-month period that does not exceed the greater of 1% of the then outstanding shares of the common stock or the average weekly reported volume of trading of the common stock on the Nasdaq Global Select Market during the four calendar weeks preceding the sale. The holder may sell those shares only through "brokers' transactions" or in transactions directly with a "market maker," as those terms are defined in Rule 144. Sales under Rule 144 are also subject to requirements regarding providing notice of those sales and the availability of current public information concerning us.

Options

We intend to file registration statements on Form S-8 under the Securities Act to register 3,052,890 shares of common stock issuable under our 2001 Stock Option Plan and approximately shares under our 2007 Long-Term Incentive Plan. These registration statements are expected to be filed within six months of the effective date of the registration statement of which this prospectus forms a part and will be effective upon filing. Shares issued upon the exercise of stock options after the effective date of the Form S-8 registration statements will be eligible for resale in the public market without restriction, subject to Rule 144 limitations applicable to affiliates and the lock-up agreements described below.

Lock-Up Agreements

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Lehman Brothers Inc. and Daiwa Securities America Inc. for a period of 180 days after the date of this prospectus, except in connection with certain acquisition transactions.

Sanken, in respect of the shares of our common stock that it will hold following the completion of this offering, and each of our officers, directors and other holders of options to acquire our common stock, in respect of all but shares of our common stock subject to outstanding options as of the completion of this offering, have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Lehman Brothers Inc. and Daiwa Securities America Inc. for a period of 180 days after the date of this prospectus. These restrictions do not apply with respect to bona fide gifts or transfers to trusts so long as, in each case, the transferee agrees to be bound by these restrictions.

UNDERWRITING

Lehman Brothers Inc. and Daiwa Securities America Inc. are acting as the representatives of the underwriters and the joint book-running managers of this offering. Under the terms of an underwriting agreement, which will be filed as an exhibit to the registration statement of which this prospectus forms a part, each of the underwriters named below has severally agreed to purchase from us and the selling stockholder the respective number of common stock shown opposite its name below:

Underwriters	Number of Shares
Lehman Brothers Inc.	
Daiwa Securities America Inc.	
CIBC World Markets Corp.	
Piper Jaffray & Co.	
Total	

The underwriting agreement provides that the underwriters' obligation to purchase shares of common stock depends on the satisfaction of the conditions contained in the underwriting agreement including:

- the obligation to purchase all of the shares of common stock offered hereby (other than those shares of common stock covered by their option to purchase additional shares as described below), if any of the shares are purchased;
- the representations and warranties made by us and the selling stockholder to the underwriters are true;
- there is no material change in our business or the financial markets; and
- we deliver customary closing documents to the underwriters.

Commissions and Expenses

The following table summarizes the underwriting discounts and commissions we and the selling stockholder will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. The underwriting fee is the difference between the initial price to the public and the amount the underwriters pay to us and the selling stockholder for the shares.

	No Exercise	Full Exercise
Per share	$	$
Total	$	$

The representatives of the underwriters have advised us that the underwriters propose to offer the shares of common stock directly to the public at the initial public offering price on the cover of this prospectus and to selected dealers, which may include the underwriters, at such offering price less a selling concession not in excess of $ per share. After the offering, the representatives may change the offering price and other selling terms.

The expenses of the offering that are payable by us and the selling stockholder are estimated to be $ million (including legal, accounting and printing fees, but excluding underwriting discounts and commissions). We have agreed to pay the expenses incurred by the selling stockholder in connection with this offering, other than approximately $ million in legal expenses.

Option to Purchase Additional Shares

We and the selling stockholder have granted the underwriters an option exercisable for 30 days after the date of this prospectus, to purchase, from time to time, in whole or in part, up to an aggregate of shares at the initial public offering price less underwriting discounts and commissions. This option may be exercised if the underwriters sell more than shares in connection with this offering. To the

extent that this option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase its pro rata portion of these additional shares based on the underwriter's underwriting commitment in the offering as indicated in the table at the beginning of this "Underwriting" section.

Lock-Up Agreements

We, all of our directors and executive officers who own our common stock and options to purchase our common stock, a substantial majority of our employees and the selling stockholder have agreed that, subject to certain exceptions, without the prior written consent of each of Lehman Brothers Inc. and Daiwa Securities America Inc., we and they will not, directly or indirectly, (1) offer for sale, sell, pledge or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any shares of common stock (including, without limitation, shares of common stock that may be deemed to be beneficially owned by us or them in accordance with the rules and regulations of the SEC and shares of common stock that may be issued upon exercise of any options or warrants) or securities convertible into or exercisable or exchangeable for common stock, (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of shares of common stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or other securities, in cash or otherwise, (3) make any demand for or exercise any right or file or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any shares of common stock or securities convertible into or exercisable or exchangeable for common stock or any other securities of our company or (4) publicly disclose the intention to do any of the foregoing, for a period of 180 days after the date of this prospectus.

The 180-day restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 180-day restricted period we issue an earnings release or material news or a material event relating to us occurs; or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period,

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or occurrence of a material event, unless such extension is waived in writing by Lehman Brothers Inc. and Daiwa Securities America Inc.

The foregoing shall-effect not apply to bona fide gifts, sales or other dispositions of shares of any class of our capital stock, in each case that are made exclusively between and among our directors and executive officers or members of their families, or their affiliates, including their partners (if a partnership) or members (if a limited liability company); *provided* that it shall be a condition to any such transfer that (1) the transferee/donee agrees to be bound by the terms of the lock-up agreement (including, without limitation, the restrictions set forth in the preceding paragraphs) to the same extent as if the transferee/donee were a party thereto, (2) no filing by any party (donor, donee, transferor or transferee) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") shall be required or shall be voluntarily made in connection with such transfer or distribution, subject to specified exceptions, (3) each party (donor, donee, transferor or transferee) shall not be required by law (including without limitation the disclosure requirements of the Securities Act, and the Exchange Act) to make, and shall agree to not voluntarily make, any public announcement of the transfer or disposition, and (4) the undersigned notifies Lehman Brothers Inc. and Daiwa Securities America Inc. at least two business days prior to the proposed transfer or disposition.

Lehman Brothers Inc. and Daiwa Securities America Inc., in their discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release common stock and other securities from lock-up agreements, Lehman Brothers Inc. and Daiwa Securities America Inc. will consider, among other factors, the holder's reasons for requesting the release, the number of shares of common stock and other securities for which the release is being requested and market conditions at the time.

Offering Price Determination

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be negotiated between the representatives and us. In determining the initial public offering price of our common stock, the representatives will consider:

- the history and prospects for the industry in which we compete;
- our financial information;
- the ability of our management and our business potential and earning prospects;
- the prevailing securities markets at the time of this offering; and
- the recent market prices of, and the demand for, publicly traded shares of generally comparable companies.

Indemnification

We and the selling stockholder have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

Stabilization, Short Positions and Penalty Bids

The representatives may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Exchange Act:

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- A short position involves a sale by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase in the offering, which creates the syndicate short position. This short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through their option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the Nasdaq Global Select Market or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters make representation that the representatives will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

The Nasdaq Global Select Market

We have applied to list our shares of our common stock on the Nasdaq Global Select Market under the symbol "ALGM."

Discretionary Sales

The underwriters have informed us that they do not intend to confirm sales to discretionary accounts that exceed 5% of the total number of shares offered by them.

Stamp Taxes

If you purchase shares of common stock offered in this prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus.

Relationships

The underwriters may in the future perform investment banking and advisory services for us and Sanken from time to time for which they may in the future receive customary fees and expenses.

European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of common stock described in this prospectus may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the common stock that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus

Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or
- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million and (3) an annual net turnover of more than €50 million as shown in its last annual or consolidated accounts or
- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of common stock described in this prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

We and the selling stockholder have not authorized and do not authorize the making of any offer of common stock through any financial intermediary on behalf of us or the selling stockholder, other than offers made by the underwriters with a view to the final placement of the common stock as contemplated in this prospectus. Accordingly, no purchaser of the common stock, other than the underwriters, is authorized to make any further offer of the common stock on behalf of us, the selling stockholder or the underwriters.

United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors") that are also (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (2) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

France

Neither this prospectus nor any other offering material relating to the common stock described in this prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or by the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The common stock has not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the common stock has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France or
- used in connection with any offer for subscription or sale of the common stock to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, Article L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier* or
- to investment services providers authorized to engage in portfolio management on behalf of third parties or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the Autorité des Marchés Financiers, does not constitute a public offer (*appel public à l'épargne*).

The common stock may be resold directly or indirectly, only in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Japan

Our common stock has not been and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to, or for the account or benefit of, any person for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Securities and Exchange Law of Japan and (ii) in compliance with any other relevant laws and regulations of Japan.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Sidley Austin LLP, New York, NY. The underwriters have been represented by Simpson Thacher & Bartlett LLP, Palo Alto, CA.

EXPERTS

The consolidated financial statements of Allegro MicroSystems, Inc. as of March 31, 2006 and March 30, 2007, and for each of the three years in the period ended March 30, 2007, appearing in this prospectus have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1, which we refer to as the registration statement and which term shall encompass all exhibits, amendments, annexes and scheduled to said registration statement, under the Securities Act and the rules and regulations promulgated under the Securities Act with respect to the shares of our common stock. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, parts of which are omitted in compliance with the rules and regulations of the SEC. For further information with respect to us and our common stock, reference is made to the registration statement. Statements made in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete. With respect to each contract, agreement or other document filed as an exhibit to the registration statement, reference is made to the exhibit for a more complete description of the document or matter involved and each of these statements shall be deemed qualified in its entirety by this reference.

The registration statement, including the exhibits thereto, can be inspected and copied at the public reference facilities maintained by the SEC at Room 1580, 100 F Street, NE, Washington, DC 20549 (telephone number: 1-800-SEC-0330). Copies of these materials can be obtained from the Public Reference Section of the SEC at 100 F Street, NE, Washington, DC 20549, at prescribed rates. The SEC maintains a website that contains reports, proxy, information statements and other information regarding registrants that file electronically with the SEC. The address of this site is http://www.sec.gov.

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, consequently, are required to file periodic reports and other information with the SEC. These documents may be inspected and copied at the Public Reference Section of the SEC at Room 1580, 100 F Street, NE, Washington, DC 20549, at prescribed rates. These reports and such other information do not constitute part of this prospectus.

We intend to furnish our stockholders with annual reports containing consolidated financial statements audited by an independent accounting firm and to make available quarterly reports containing unaudited financial information for the first three fiscal quarters of each year.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder
Allegro MicroSystems, Inc.

We have audited the accompanying consolidated balance sheets of Allegro MicroSystems, Inc. as of March 31, 2006 and March 30, 2007, and the related consolidated statements of operations, changes of stockholder's equity and comprehensive income, and cash flows for each of the three years in the period ended March 30, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Allegro MicroSystems, Inc. at March 31, 2006 and March 30, 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 30, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, on April 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment*.

/s/ Ernst & Young LLP

Boston, Massachusetts
May 8, 2007

Allegro MicroSystems, Inc.

Consolidated Balance Sheets
(In thousands)

	At March 31, 2006	At March 30, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,647	$ 13,468
Trade accounts receivable, net of allowances of approximately $2,301 and $1,824 in 2006 and 2007, respectively	33,645	33,911
Amounts due from related parties	5,742	6,208
Accounts receivable — other	3,645	3,994
Inventories, net	52,709	54,434
Deferred income taxes	2,734	1,191
Prepaid expenses and other assets	4,037	4,924
Total current assets	106,159	118,130
Property, plant, and equipment, net	84,603	90,370
Deferred income taxes	1	189
Other assets, net	4,996	3,637
Total assets	$ 195,759	$ 212,326
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Trade accounts payable	$ 9,083	$ 9,412
Amounts due to related parties	7,030	11,297
Accrued expenses and other liabilities	7,740	7,903
Accrued expenses and other liabilities due to related parties	514	599
Accrued salaries and wages	6,630	7,454
Deferred revenues	484	120
Dividend payable to related parties	1,000	1,000
Current maturities of notes payable to banks	11,000	11,000
Current maturities of notes payable to Sanken	4,000	8,100
Current portion of term loan	146	155
Total current liabilities	47,627	57,040
Notes payable to banks, less current maturities	11,000	—
Notes payable to Sanken, less current maturities	13,400	8,600
Term loan, less current portion	255	117
Deferred revenues	895	850
Other long-term liabilities	281	423
Total liabilities	73,458	67,030
Commitments and contingencies		
Minority interest in a subsidiary	265	288
Stockholder's equity:		
Common stock, $1.00 par value; 30,000 shares authorized; 25,000 shares issued at March 31, 2006 and March 30, 2007, respectively	25,000	25,000
Additional paid-in capital	50,272	51,225
Retained earnings	48,953	69,028
Accumulated other comprehensive loss	(2,189)	(245)
Total stockholder's equity	122,036	145,008
Total liabilities and stockholder's equity	$ 195,759	$ 212,326

The accompanying notes are an integral part of these consolidated financial statements.

Allegro MicroSystems, Inc.

Consolidated Statements of Operations
(In thousands, except per share data)

	Fiscal Year Ended		
	March 25, 2005	March 31, 2006	March 30, 2007
Net sales	$ 227,463	$ 222,694	$ 257,837
Net sales to Sanken	54,913	62,361	62,904
Total net sales	282,376	285,055	320,741
Cost of goods sold(1)	190,028	194,050	207,828
Gross profit	92,348	91,005	112,913
Operating expenses:			
Selling, general, and administrative(1)	39,292	40,926	44,944
Research and development(1)	35,239	35,493	38,906
Total operating expenses	74,531	76,419	83,850
Operating income	17,817	14,586	29,063
Other income (expense):			
Interest expense	(2,642)	(1,924)	(693)
Interest expense on notes payable to Sanken	—	(714)	(1,249)
Foreign currency transaction gain (loss)	125	466	(417)
Interest income	178	333	441
Other	429	1,220	104
Income before income taxes	15,907	13,967	27,249
Income tax provision	333	2,385	6,149
Minority interest in net income of a subsidiary	22	24	25
Net income	$ 15,552	$ 11,558	$ 21,075
Earnings per Common Share:			
Basic:	$ 0.62	$ 0.46	$ 0.84
Diluted:	$ 0.59	$ 0.44	$ 0.81
Weighted average shares outstanding:			
Basic:	25,000	25,000	25,000
Diluted:	26,263	26,216	26,178

(1) Includes stock-based compensation expense as follows:

Cost of goods sold	$ —	$ —	$ 207
Selling, general, and administrative	—	—	413
Research and development	—	—	333

The accompanying notes are an integral part of these consolidated financial statements.

Allegro MicroSystems, Inc.

Consolidated Statements of Changes in Stockholder's Equity and Comprehensive Income
(In thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity	Comprehensive Income
	Shares	Amount					
Balance at March 26, 2004	25,000	$ 25,000	$ 50,272	$ 23,843	$ (2,594)	$ 96,521	
Net income				15,552	—	15,552	$ 15,552
Dividends declared				(1,000)		(1,000)	
Foreign currency translation adjustment	—	—	—	—	683	683	683
Balance at March 25, 2005	25,000	25,000	50,272	38,395	(1,911)	111,756	$ 16,235
Net income				11,558	—	11,558	11,558
Dividends declared				(1,000)		(1,000)	
Foreign currency translation adjustment					(278)	(278)	(278)
Balance at March 31, 2006	25,000	25,000	50,272	48,953	(2,189)	122,036	$ 11,280
Net income	—	—	—	21,075	—	21,075	21,075
Dividends declared	—	—	—	(1,000)		(1,000)	—
Stock-based compensation expense	—	—	953	—	—	953	—
Foreign currency translation adjustment	—	—	—	—	2,008	2,008	2,008
Adjustment to initially apply SFAS 158, net of tax	—	—	—	—	(64)	(64)	—
Balance at March 30, 2007	25,000	$ 25,000	$ 51,225	$ 69,028	$ (245)	$ 145,008	$ 23,083

The accompanying notes are an integral part of these consolidated financial statements.

Allegro MicroSystems, Inc.

Consolidated Statements of Cash Flows
(In thousands)

	Fiscal Year Ended		
	March 25, 2005	March 31, 2006	March 30, 2007
Cash flows from operating activities			
Net income	$ 15,552	$ 11,558	$ 21,075
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	17,574	18,596	20,673
Deferred income taxes	(615)	(438)	1,389
Asset impairment charge	—	—	342
Stock-based compensation expense	—	—	953
(Gain) loss on disposal of assets	(1)	(264)	109
Provision for doubtful accounts	29	822	(146)
Changes in operating assets and liabilities:			
Trade accounts receivable	(2,526)	(645)	1,181
Accounts receivable — other	626	(1,281)	(82)
Due from related parties	(2,666)	484	(466)
Inventories	(2,071)	(802)	(1,238)
Prepaid expenses and other assets	(3,186)	(1,234)	383
Trade accounts payable	4,051	(1,922)	(80)
Due to related parties	(1,592)	(2,176)	4,267
Accrued expenses due to related parties	—	514	85
Minority interest in a subsidiary	30	18	25
Accrued expenses and other liabilities	(880)	1,485	297
Net cash provided by operating activities	24,325	24,715	48,767
Cash flows from investing activities			
Purchases of property, plant, and equipment	(22,775)	(19,376)	(26,114)
Proceeds from the disposal of assets	—	1,225	187
Issuance of note receivable to supplier	—	(5,000)	—
Repayment of note receivable from supplier	—	5,000	—
Net cash used in investing activities	(22,775)	(18,151)	(25,927)
Cash flows from financing activities			
Dividends paid to Sanken	(1,000)	(1,000)	(1,000)
Repayments of term loan	(56)	(143)	(22)
Proceeds from issuance of notes payable to Sanken	6,000	8,000	14,300
Principal payments on notes payable to Sanken	(3,000)	(2,600)	(15,000)
Proceeds from issuance of notes payable to bank	6,500	—	4,000
Principal payments on notes payable to bank	(17,500)	(13,200)	(15,156)
Net cash used in financing activities	(9,056)	(8,943)	(12,878)
Effect of exchange rate changes on cash	383	474	(141)
Net (decrease) increase in cash and cash equivalents	(7,123)	(1,905)	9,821
Cash and cash equivalents at beginning of year	12,675	5,552	3,647
Cash and cash equivalents at end of year	$ 5,552	$ 3,647	$ 13,468

The accompanying notes are an integral part of these consolidated financial statements.

Allegro MicroSystems, Inc.

Notes to Consolidated Financial Statements
(In thousands, except per share information)

1. Significant Accounting Policies

Basis of Presentation and Nature of Business

Allegro MicroSystems, Inc. and its Subsidiaries (the "Company") are wholly owned subsidiaries of Sanken Electric Co., Ltd. ("Sanken"). The consolidated financial statements include the financial statements of Allegro MicroSystems, Inc. and its wholly owned subsidiaries, Allegro MicroSystems Philippines, Inc., Allegro MicroSystems Europe, Limited, Allegro MicroSystems Argentina S.A., and Allegro MicroSystems Business Development, Inc., as well as Allegro MicroSystems Philippines Realty, Inc., an affiliated entity over which it has significant control. Allegro MicroSystems Business Development, Inc. is a new entity established in the current year, with offices throughout the Far East, for the purpose of providing customer support services. All significant inter-company balances and transactions, including transactions with the affiliated entity that result in inter-company profit, have been eliminated in consolidation.

Certain amounts reported in the prior year have been reclassified to conform to the current year presentation. Such reclassifications were immaterial.

The Company designs, manufactures, and markets various integrated circuits for use by the automotive, computer and office automation, communications, consumer and industrial markets. The Company markets its products principally in North America, Western Europe, and the Asia Pacific region through a direct sales organization and various distributors. The Company also acts as a distributor of Sanken electronic power supply products and distributes Sanken products throughout the United States (see Note 9).

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries and its affiliated entity. Upon consolidation, all inter-company accounts and transactions are eliminated. Amounts pertaining to the non-controlling ownership interest held by third parties in the operating results and financial position of the Company's majority-owned subsidiaries are reported as minority interest.

Fiscal Years

The Company's fiscal year ends are the 52-week or 53-week period ending on the Friday closest to the last day in March. The fiscal years ended March 25, 2005 and March 30, 2007 were 52-week periods. The fiscal year ended March 31, 2006 was a 53-week period. For purposes of these notes, references to a fiscal year mean the fiscal year ended in such year. Fiscal year 2007, for example, refers to the fiscal year ended March 30, 2007.

Managements' Estimates and Uncertainties

The preparation of financial statements in conformity with accounting principals generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates relate to useful lives of fixed and intangible assets, allowances for doubtful accounts and customer returns, the net realizable value of inventory, accrued liabilities, deferred tax valuation allowances, stock-based compensation expense and other reserves. On an ongoing basis, management evaluates its estimates. Actual results could differ from those estimates, and such differences may be material to the financial statements.

Cash Equivalents

The Company considers all highly liquid debt instruments with maturities of three months or less at the time of acquisition to be cash equivalents. At March 31, 2006 and March 30, 2007, these investments are comprised of U.S. Treasury notes and various corporate obligations, and are designated as available-for-sale. Available-for-sale securities are stated at fair value, as reported by the investment custodian, and unrealized gains and losses, if any, are reported as a separate component of stockholder's equity. Because of the short-term to maturity, and hence relative price insensitivity to changes in market interest rates, cost approximates fair value for all of these securities. As a result, there were no realized or unrealized gains or losses for the fiscal years ended 2005, 2006 and 2007.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, which include cash equivalents, notes payable, and debt, approximate their fair values at March 31, 2006 and March 30, 2007.

Inventories, Net

Inventories, net are stated at the lower of cost or market, with cost being determined on a first-in, first-out (FIFO) basis. Inventories, net include material, labor, and overhead, and consist of the following:

	At March 31, 2006	At March 30, 2007
	(in thousands)	
Raw materials and supplies	$ 3,864	$ 2,993
Work-in-process	39,668	40,479
Finished goods	9,177	10,962
	$ 52,709	$ 54,434

The Company's policy is to establish inventory reserves when conditions exist that suggest that inventory may be in excess of anticipated demand or is obsolete based upon assumptions about future demand for products and market conditions. The Company regularly evaluates the ability to realize the value of inventory based on a combination of factors, including historical usage rates, forecasted sales or usage, product end of life dates. Assumptions used in determining management's estimates of future product demand may prove to be incorrect, in which case the provision required for excess and obsolete inventory would have to be adjusted in the future. Although the Company performs a detailed review of its forecasts of future product demand, any significant unanticipated changes in demand could have a significant impact on the value of the Company's inventory and reported operating results.

Property, Plant and Equipment

Property, plant and equipment, including improvements that significantly add to productive capacity or extend useful life, are recorded at cost, while maintenance and repairs are expensed as incurred. The Company capitalizes interest on certain projects. Depreciation is calculated using the straight-line method over the estimated useful life of the asset as follows:

Asset	Useful Life
Building and leasehold improvements	The shorter of 31 years or the remaining life of the building or lease
Machinery and equipment	3 - 10 years
Office equipment	3 years

Intangible Assets

The Company accounts for intangible assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142). SFAS No. 142 requires that indefinite-lived assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that have finite useful lives continue to be amortized over their estimated useful lives.

Identified intangible assets consist of patents and trademarks of approximately $1,469,000 and $2,030,000 at March 31, 2006 and March 30, 2007, respectively. The patents and trademarks are amortized over their estimated useful lives, which are generally 10 years and are attributable to the Allegro Products segment. Accumulated amortization amounted to approximately $390,000 and $567,000 at March 31, 2006 and March 30, 2007, respectively. Amortization expense was approximately $140,000, $137,000 and $177,000 for fiscal years 2005, 2006 and 2007, respectively. The estimated aggregate amortization expense for each the succeeding five years is approximately $151,000.

Impairment of Long-Lived Assets

The Company reviews property, plant, and equipment and indefinite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amount to the future undiscounted cash flows the assets are expected to generate over their remaining economic lives. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair market value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. If such assets are not impaired, but their useful lives have decreased, the remaining net book value is amortized over the revised useful life.

See Note 2 for additional information relating to impairment of long-lived assets.

Revenue Recognition and Deferred Revenue

The Company generates revenue from the sale of various integrated circuits to OEMs, EMSs and distributors in the automotive, computer and office automation, communications, consumer and industrial markets. The Company recognizes revenue in accordance with Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 104, *Revenue Recognition in Financial Statements.* The Company recognizes revenue from sales of its products to OEM customers and distributors when title passes, which is generally upon transfer of the products to a common carrier, provided there are no uncertainties regarding customer acceptance, there is persuasive evidence of an arrangement, the fee is fixed or determinable, and collectibility of the related receivable is reasonably assured. Payments received by the Company in advance of product delivery are deferred until earned.

Shipping costs are charged to cost of sales as incurred.

Product Warranty

The Company warrants its products to its customers generally for one year from the date of shipment, but in limited cases for longer periods. In limited other cases, the Company warrants products to include significant liability beyond the cost of repairing, replacing the product or refunding the sales price of the product. If there is a material increase in the rate of customer claims or our estimates of probable losses relating to specifically identified warranty exposures are inaccurate, we may record a charge against future cost of sales. Warranty expense has historically been immaterial to our financial statements.

Translation of Foreign Currencies

The financial statements of the Company's foreign subsidiaries are translated from local currency into U.S. dollars using the current exchange rate at the balance sheet date for assets and liabilities, and the average exchange rate in effect during the period for revenues and expenses. The functional currency for the Company's international subsidiaries is considered to be the local currency for each entity and, accordingly, translation adjustments for these entities are included as a component of accumulated other comprehensive loss in stockholder's equity in the consolidated balance sheet. Gains and losses resulting from certain foreign currency denominated transactions are included in the results of operations.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense was approximately $1,132,000, $936,000 and $771,000 in fiscal years 2005, 2006 and 2007, respectively.

Income Taxes

The Company provides for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. SFAS No. 109 recognizes tax assets and liabilities for the cumulative effect of all temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities, and are measured using the enacted tax rates that will be in effect when these differences are expected to reverse. Valuation allowances are provided if based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company considers the undistributed foreign earnings of its foreign subsidiaries to be indefinitely reinvested and, as such, the Company does not provide U.S. income tax on such undistributed earnings.

Earnings per Share

The Company computes earnings per share of common stock in accordance with SFAS No. 128, *Earnings per Share*. Under the provisions of SFAS 128, basic earnings per share is computed based only on the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential future issuance of common stock relating to the stock option programs and other potentially dilutive securities using the treasury stock method.

The reconciliation of basic and diluted weighted average shares outstanding for the fiscal years ended is as follows:

	Fiscal Year Ended		
	March 25, 2005	March 31, 2006	March 30, 2007
		(in thousands)	
Weighted average basic common shares outstanding	25,000	25,000	25,000
Weighted average stock options	1,263	1,216	1,178
Weighted average diluted common shares	26,263	26,216	26,178

For the fiscal years ended March 25, 2005, March 31, 2006 and March 30, 2007, 251,000, 361,600 and 560,900 shares, respectively were excluded from the calculation of diluted weighted average common shares outstanding, as their effect was anti-dilutive.

Stock-Based Compensation

On December 16, 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R) (revised 2004), *Share-Based Payments.* SFAS No. 123(R) supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and amends SFAS No. 95, *Statement of Cash Flows.* Generally, the approach in SFAS No. 123(R) is similar to the approach described in SFAS No. 123, *Accounting for Stock-Based Compensation.* However, SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement over their vesting period based on their fair values at the date of grant. Pro forma disclosure is no longer an alternative.

Effective April 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123(R), using the modified-prospective-transition method. Under this transition method, compensation cost is recognized beginning with the effective date (a) for all share-based payments granted prior to the effective date of SFAS No. 123(R), but not yet vested, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123, and (b) compensation cost for all share-based payments granted subsequent to the effective date, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). In accordance with the modified-prospective-method of adoption, the results of operations and financial position for prior periods have not been restated. See Note 7 for additional information on share-based payments.

Accounts Receivable and Concentrations of Credit Risk

The Company works to mitigate its concentration of credit risk with respect to accounts receivable through its credit evaluation policies, reasonably short payment terms, and geographical dispersion of sales. The Company performs continuing credit evaluations of its customers' financial condition, and although the Company generally does not require collateral, letters of credit may be required from its customers in certain circumstances. The Company maintains a reserve for potential credit losses based upon the aging of its accounts receivable balances, known collectibility issues, and its historical experience with losses. In the event that it is determined that the customer may not be able to meet its full obligations, the Company records a specific allowance to reduce the related receivable to an amount the Company expects to recover given all information present.

The Company establishes a reserve for sales returns and allowances for OEM customers and distributors based on historical experience or specific identification of an event necessitating a reserve.

Trade accounts receivable (including trade receivables from related parties) consisted of the following:

	At March 31, 2006	At March 30, 2007
	(in thousands)	
Trade accounts receivable	$ 40,926	$ 41,789
Less:		
Allowance for doubtful accounts	(1,544)	(1,091)
Sales returns and allowances	(757)	(733)
	$ 38,625	$ 39,965

Allegro MicroSystems, Inc.

Notes to Consolidated Financial Statements — (Continued)

Below is a summary of the changes in the Company's allowance for doubtful accounts and sales returns and allowances for fiscal years ended as follows:

Description	Allowance for Doubtful Accounts	Sales Returns and Allowances	Total
		(in thousands)	
Balances at March 31, 2004	$ 725	$ 738	$ 1,463
Charged to costs and expenses, or revenue	71	(196)	(125)
Deductions	(22)	—	(22)
Balances at March 25, 2005	774	542	1,316
Charged to costs and expenses, or revenue	803	215	1,018
Deductions	(33)	—	(33)
Balances at March 31, 2006	1,544	757	2,301
Charged to costs and expenses, or revenue	(218)	—	(218)
Deductions	(235)	(24)	(259)
Balances at March 30, 2007	$ 1,091	$ 733	$ 1,824

Concentration of Other Risks

The semiconductor industry is characterized by rapid technological change, competitive pricing pressures, and cyclical market patterns. The Company's financial results are affected by a wide variety of factors, including general economic conditions worldwide, economic conditions specific to the semiconductor industry, the timely implementation of new manufacturing technologies, the ability to safeguard patents and intellectual property in a rapidly evolving market, and reliance on assembly subcontractors, related-party wafer fabricators, and independent distributors. In addition, the semiconductor market has historically been cyclical and subject to significant economic downturns at various times. The Company is exposed to the risk of obsolescence of its inventory depending on the mix of future business. As a result, the Company may experience significant period-to-period fluctuations in future operating results due to the factors mentioned above, or other factors.

Pension Obligations

The Company recognizes obligations associated with its defined benefit pension plans in accordance with SFAS No. 87, *Employers Accounting for Pensions.* Accredited independent actuaries calculate assets, liabilities, and expenses. As required by SFAS No. 87, the Company must make certain assumptions to assign value to the plan assets and liabilities. These assumptions are reviewed annually, or whenever otherwise required by SFAS No. 87, based on reviews of current plan information and consultations with independent investment advisors and actuaries. The selection of assumptions requires a high degree of judgment and may materially change from period to period. The Company does not offer other defined benefits associated with post-retirement benefit plans other than pensions.

The Company adopted the recognition and disclosure requirements of SFAS No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R),* as of March 30, 2007, except for the change in measurement date, which is not applicable for the Company until fiscal year 2008. SFAS No. 158 requires employers that sponsor defined benefit plans to recognize the funded status of a benefit plan on its balance sheet; recognize gains, losses, and prior service costs or credits that arise during the period that are not recognized as components of net periodic benefit costs as a component of other comprehensive income, net of tax; measure defined benefit plan assets and obligations as of the date of the employer's fiscal year-end balance sheet; and disclose in the notes to the

financial statements the gains or losses, prior service costs or credits, and transition asset or obligation. Retrospective application is not permitted.

Comprehensive Income

The Company accounts for comprehensive income in accordance with SFAS No. 130, *Reporting Comprehensive Income.* As it relates to the Company, comprehensive income is defined as net income plus the sum of foreign currency translation adjustments and net unrealized pension plan gains and prior service costs. Comprehensive income is presented on the consolidated statements of changes in stockholder's equity and comprehensive income. The tax provision (benefit) for the foreign currency translation adjustment was $14,000, $(47,000) and $453,000 for fiscal years 2005, 2006 and 2007, respectively.

New Accounting Standards

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements.* SFAS No. 157 establishes a single authoritative definition of fair value, sets out framework for measuring fair value in accordance with generally accepted accounting principles, and expands on required disclosures about fair value measurements. This statement does not require any new fair value measurements; rather, it is applied under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 is effective for the Company in fiscal year 2008, and will be applied prospectively. The provisions of SFAS No. 157 are not expected to have a material impact on the Company's consolidated financial statements.

The FASB has issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FAS No. 109* ("FIN 48"), which clarifies the accounting for uncertainty in income taxes. Currently, the accounting for uncertainty in income taxes is subject to significant varied interpretations that have resulted in diverse and inconsistent accounting practices and measurements. Addressing such diversity, FIN 48 prescribes a consistent recognition threshold and measurement attribute, as well as clear criteria for subsequently recognizing, derecognizing, and measuring changes in such tax positions for financial statement purposes. FIN 48 also requires expanded disclosure with respect to the uncertainty in income taxes. FIN 48 is effective for fiscal years beginning after December 15, 2006, and became effective for us on March 31, 2007, the first day of fiscal year 2008. We have determined that the adoption of FIN 48 will not have a material impact on our financial results.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, to permit all entities to choose to elect, at specified election dates, to measure eligible financial instruments at fair value. An entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date, and recognize upfront costs and fees related to those items in earnings as incurred and not deferred. SFAS No. 159 applies to fiscal years beginning after November 15, 2007, with early adoption permitted for an entity that has also elected to apply the provisions of SFAS No. 157. An entity is prohibited from retrospectively applying SFAS No. 159, unless it chooses early adoption. The Company is currently evaluating the impact of the provisions of SFAS No. 159 on its consolidated financial statements, if any, when it becomes effective for fiscal year 2009.

2. Property, Plant and Equipment

Long-lived assets consist of property, plant, and equipment, and identified intangible assets. Property, plant, and equipment are stated at cost, and consisted of the following:

	At March 31, 2006	At March 30, 2007
	(in thousands)	
Land	$ 2,736	$ 2,798
Buildings and leasehold improvements	32,857	34,193
Machinery and equipment	188,725	212,956
Office equipment	9,594	9,643
Construction-in-progress	6,454	6,884
	240,366	266,474
Less accumulated depreciation	(155,763)	(176,104)
Property, plant and equipment, net	$ 84,603	$ 90,370

Depreciation expense amounted to approximately $17,434,000, $18,459,000 and $20,496,000 in fiscal years 2005, 2006 and 2007, respectively.

In January 2004, the Company leased a larger facility to meet the demands of its planned growth. In October 2004, the Company completed the relocation and management committed to the sale of their former facility. This facility was sold in July 2005 for approximately $1,225,000. As a result of this sale, the Company recorded a $264,000 gain on the sale of this facility.

During the fourth quarter of fiscal year 2007, the Company incurred an impairment loss of approximately, $342,000, which is included in other income, for equipment used in the production of inventory no longer being utilized. This impairment was recorded to adjust the asset value to the estimated fair value of the assets.

3. Capacity Reservation Agreement

In March 2003, the Company entered into a Capacity Reservation Agreement (the “Agreement”) with PolarFab, Inc. (now Polar Semiconductor, Inc.), a wafer foundry supplier. Under the Agreement, the Company made advanced payments to the supplier for the purchase of wafers to be delivered in the future. As wafers were purchased, the Company credited a portion of the cost of wafer purchases against the advanced payment. Approximately $3,998,000 of this payment was included in other current assets at March 25, 2005. During fiscal 2006, the remaining balance of this advance payment was repaid. This wafer foundry supplier became a related party in July 2005. See Note 9 for further information regarding transactions with related parties.

4. Commitments and Contingencies

Operating Leases

The Company leases certain real property and equipment under operating lease agreements. The leases generally require the Company to pay for utilities, insurance, taxes, and maintenance. Some leases contain escalation clauses, renewal options, and purchase options. Future minimum lease payments for non-cancellable operating leases as of March 30, 2007 are as follows:

	(in thousands)
2008	$ 1,969
2009	1,586
2010	1,685
2011	1,665
2012	1,566
Thereafter	9,689
Total minimum lease payments	$ 18,160

Rental expense was approximately $7,166,000, $6,579,000 and $3,544,000 for fiscal years 2005, 2006 and 2007, respectively.

Insurance

Effective January 1, 2007, the Company established a self-insured employee health program for employees in the United States. The Company records estimated liabilities for its self-insured heath program based on information provided by the third-party plan administrators, historical claims experience, and expected costs of claims incurred but not reported. The Company monitors its estimated liabilities on a quarterly basis. As facts change, it may become necessary to make adjustments that could be material to the Company's consolidated results of operations and financial condition. The Company believes that its present insurance coverage and level of accrued liabilities are adequate. Related accruals were $780,000 at March 30, 2007.

Contingencies

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

5. Debt and Credit Facilities

Notes payable to banks consisted of the following:

	At March 31, 2006	At March 30, 2007
	(in thousands)	
6.416% note payable to bank, semiannual interest payments each May 30 and November 30. Principal due November 30, 2007. Guaranteed by Sanken	$ 3,000	$ 3,000
6.48% note payable to bank, semiannual interest payments each March 4 and September 4. Principal due September 4, 2007. Guaranteed by Sanken	8,000	8,000
8.35% note payable to bank, semiannual interest payments each December 30 and June 30. Principal due June 30, 2006. Guaranteed by Sanken	6,600	—
8.214% note payable to bank, semiannual interest payments each January 10 and July 10. Principal due July 10, 2006. Guaranteed by Sanken	4,400	—
Total notes payable to banks	$22,000	$11,000

On April 18, 2003, the Company executed a $10,000,000 loan agreement with Sanken. The loan is repayable over a term of up to six years, and carries an interest rate based upon the three-month London Inter Bank Offered Rate ("LIBOR") plus 0.45% (5.81% at March 30, 2007) adjusted every three months. Principal is due in semiannual installments of $1,000,000 through October 18, 2007. The Company has the option to prepay amounts without penalty. The outstanding loan balance was $2,000,000 at March 30, 2007.

On April 12, 2004, the Company executed a $6,000,000 loan agreement with Sanken. The loan is repayable over a term of up to six years, and carries an interest rate based upon the three-month LIBOR plus 0.45% (5.81% at March 30, 2007) adjusted every three months. Principal is due in semiannual installments of $600,000 through April 12, 2010. The Company has the option to prepay amounts without penalty. The outstanding loan balance was $4,200,000 at March 30, 2007.

On July 13, 2005, the Company executed an $8,000,000 loan agreement with Sanken. The loan is repayable over a term of up to six years, and carries an interest rate based upon the three-month LIBOR plus 0.45% (5.81% at March 30, 2007) adjusted every three months. Principal is due in semiannual installments of $800,000 beginning January 13, 2007 and ending July 13, 2011. The Company has the option to prepay amounts without penalty. The outstanding loan balance was $7,200,000 at March 30, 2007.

On January 25, 2007, the Company executed a $3,300,000 loan agreement with Sanken. The loan has a one-year term where the principal is due on January 25, 2008, and carries an interest rate based upon the three-month LIBOR plus 0.45% (5.81% at March 30, 2007) adjusted every three months. The outstanding loan balance was $3,300,000 at March 30, 2007.

On November 18, 2005, the Company established a letter of credit with a commercial bank. This facility provides that the bank will issue letters of credit on behalf of the Company for drawings up to $105,000. This facility is secured by a deposit of $100,000 and expires on December 31, 2007. There were no outstanding letters of credit.

The Company's Philippines subsidiary has a credit line agreement with a commercial bank under which this subsidiary may borrow up to 60,000,000 Philippine pesos (approximately $1,243,000 at March 30, 2007) at the bank's prevailing interest rate, which was approximately 9.00% at March 30, 2007. There were no borrowings outstanding against this line, which expires October 31, 2007.

The Company's Philippines subsidiary has a term loan line of credit with a commercial bank under which this subsidiary may borrow up to 64,000,000 Philippine pesos (approximately $1,326,000 at March 30, 2007). Interest is based on the bank's prevailing interest rate (9.00% at March 30, 2007, adjusted quarterly) and payable in arrears. Principal repayments are due in equal quarterly installments commencing on January 14, 2005. There were 20,625,000 Philippine pesos (approximately $402,000) and 13,125,000 Philippine pesos (approximately $272,000) outstanding against this line at March 31, 2006 and March 30, 2007, respectively. The line expires on October 14, 2008.

The Company's subsidiary in the United Kingdom has a credit facility with a commercial bank under which this subsidiary may borrow up to 500,000 pounds sterling (approximately $982,000 at March 30, 2007) at two percent over the banks' prevailing interest rate, which was approximately 5.25% at March 30, 2007. There were no borrowings outstanding against this credit facility. The credit facility is guaranteed by Sanken and expires November 27, 2007.

Total interest paid amounted to approximately $3,312,000, $3,113,000 and $2,913,000 in fiscal years 2005, 2006, and 2007, and included capitalized amounts of approximately $324,000, $246,000 and $328,000 in fiscal years 2005, 2006, and 2007, respectively.

The Company's required principal payments for notes payable for each of the five fiscal years subsequent to March 30, 2007, and thereafter, are as follows:

	(in thousands)
2008	$ 19,255
2009	2,917
2010	2,800
2011	2,200
2012	800
Total	$ 27,972

6. Income Taxes

For financial reporting purposes, components income before income taxes includes the following:

	Fiscal Year Ended		
	March 25, 2005	March 31, 2006	March 30, 2007
		(in thousands)	
Pretax income:			
Domestic	$ 11,887	$ 12,840	$ 22,338
Foreign	4,020	1,127	4,911
	$ 15,907	$ 13,967	$ 27,249

Allegro MicroSystems, Inc.

Notes to Consolidated Financial Statements — (Continued)

Significant components of the provision for income tax are as follows (expense (benefit)):

	Fiscal Year Ended		
	March 25, 2005	March 31, 2006	March 30, 2007
	(in thousands)		
Current:			
Federal	$ (104)	$ 1,996	$ 2,693
State	(14)	236	300
Foreign	1,066	591	1,767
Total current	948	2,823	4,760
Deferred:			
Federal	(553)	80	1,435
State	(77)	(238)	(286)
Foreign	15	(280)	240
Total deferred	(615)	(438)	1,389
Total income tax provision	$ 333	$ 2,385	$ 6,149

The reconciliation of income taxes computed at the U.S. federal statutory tax rates to income taxes is as follows:

	Fiscal Year Ended		
	March 25, 2005	March 31, 2006	March 30, 2007
	(in thousands)		
Tax provision at U.S. statutory rates	$ 5,567	$ 4,888	$ 9,537
Foreign tax rate differential	(126)	(95)	(213)
Research and development tax credit	(1,422)	(1,289)	(1,506)
Domestic manufacturing deduction	—	(100)	(267)
Foreign income tax credit	(762)	(39)	(1,053)
State income taxes	189	236	300
Extraterritorial income exclusion (ETI)	(4,797)	(1,246)	(1,233)
Subpart F income	869	400	1,130
Change in valuation allowance	815	(408)	(407)
Other permanent differences	—	38	340
Other	—	—	(479)
Total income taxes	$ 333	$ 2,385	$ 6,149

Undistributed earnings of the Company's foreign subsidiaries aggregating approximately $18,557,000 are considered to be indefinitely reinvested and, accordingly, no provision for U.S. federal and state income taxes has been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable because of the complexities associated with this hypothetical calculation.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows:

	At March 31, 2006	At March 30, 2007
	(in thousands)	
Deferred tax liabilities:		
Fixed assets	$ (8,827)	$ (7,098)
Total deferred tax liabilities	(8,827)	(7,098)
Deferred tax assets:		
Tax credits	7,692	4,520
Net operating loss carry-forwards	309	—
Inventory	730	602
Other accruals and reserves	3,238	3,356
Total deferred tax assets	11,969	8,478
Valuation allowance for deferred tax assets	(407)	—
Net deferred tax assets	$ 2,735	$ 1,380

During fiscal year 2007, the valuation allowance for deferred tax assets, relating to the uncertainty of the utilization of foreign tax credits, was eliminated. As of March 30, 2007, the Company has research tax credit carryforwards of approximately $3,300,000 that expire in the fiscal years 2008 through 2021, and alternative minimum tax credit carryforwards of approximately $1,205,000, which have an indefinite carryforward period.

The Company has provided for potential liabilities due in various jurisdictions. Judgment is required in determining the worldwide income tax expense provision. In the ordinary course of global business, there are many transactions and calculations where the ultimate tax outcome is uncertain. Some of these uncertainties arise as a consequence of cost reimbursement arrangements among related entities. Although the Company believes its estimates are reasonable, no assurance can be given that the final tax outcome of these matters will not be different than that which is reflected in the historical income tax provisions and accruals. Such differences could have a material impact on the Company's income tax provision and operating results in the period in which such determination is made.

Cash paid for income taxes was $1,418,000, $1,890,000 and $3,573,000 during the fiscal years 2005, 2006 and 2007, respectively.

7. Stock Option Plan

2001 Incentive and Nonqualified Stock Option Plan (The 2001 Plan)

The 2001 Plan covers all eligible employees, officers, directors, and consultants. At March 30, 2007, a total of 3,750,000 shares of common stock have been authorized for issuance under the 2001 Plan. The 2001 Plan provides for the grant of incentive stock options and nonqualified stock options having terms and conditions that are set at the discretion of the board of directors. Incentive stock options shall not be granted at a price less than fair market value (110% in the case of incentive stock options granted to a 10% or greater stockholder) on the date of grant, and nonqualified stock options shall not be granted at a price less than par value. While the Company's board of directors may grant options exercisable at different times or within different periods, generally, granted options are exercisable on the fifth anniversary of the grant date.

Grant-Date Fair Value

The Company uses the Black-Scholes option-pricing model to calculate the grant-date fair value of an award. The fair values of options granted were calculated using the following estimated weighted-average assumptions:

Stock Options	Fiscal Year Ended March 25, 2005	Fiscal Year Ended March 31, 2006	Fiscal Year Ended March 30, 2007
Options granted	252,500	123,100	247,800
Weighted-average exercise prices	$ 12.20	$ 11.95	$ 12.13
Weighted-average grant date fair value stock options	$ 6.93	$ 6.90	$ 6.60
Assumptions:			
Weighted-average expected volatility	60.0%	60.0%	45.5%
Weighted-average expected term (in years)	6.0	6.0	7.5
Risk-free interest rate	3.96%	4.25%	4.80%
Expected dividend yield	0.50%	0.34%	0.33%

Expected Volatility

The Company is responsible for estimating volatility and, since the Company's stock does not have a public trading history, the Company has utilized the seven year rolling average volatility of the Philadelphia Semiconductor Index to estimate the volatility of the Company's stock. The Company believes that the entities that comprise this index are comparable to the Company in most significant respects.

Expected Term

The excepted term utilized for options granted during fiscal year 2007 was derived from the shortcut method described in SEC's Staff Accounting Bulletin No. 107.

Risk-Free Interest Rate

The yield on the zero-coupon U.S. Treasury securities for a period that is commensurate with the expected term assumption is used as the risk-free interest rate.

Expected Dividend Yield

Expected dividend yield is calculated by utilizing the annual cash dividend, as declared by the Company's board of directors, expressed on a per share basis, divided by the estimated fair market value per share of the Company's common stock as determined by valuation studies.

Cash dividends are not paid on options.

Stock-Based Compensation Expense

The Company used the straight-line attribution method to recognize expense for all stock-based awards prior to the adoption of SFAS No. 123(R), and the Company has elected to continue to apply this attribution method upon adoption of SFAS No. 123(R) to recognize expense for stock-based awards granted after April 1, 2006.

The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The term “forfeitures” is distinct from “cancellations” or “expirations,” and represents only the unvested portion of the surrendered stock-based award. The Company currently expects, based on an analysis of its historical forfeitures, that approximately 79.4% of its stock-based awards will vest, and therefore, has applied an annual forfeiture rate of 7.6% to all unvested stock-based awards as of March 30, 2007. The 7.6% represents the portion that is expected to be forfeited each year over the vesting period; therefore, the cumulative amount, on a compounded basis, that is expected to be forfeited is approximately 20.6% of the aggregate stock-based awards. This analysis will be reevaluated quarterly, and the forfeiture rate will be adjusted as necessary. Ultimately, the actual expense recognized over the vesting period will only be for those shares that vest.

The Company’s stock option agreements historically provided for retirement-related continued vesting for a portion, or all, of certain stock options based on the optionee’s age and years of service (the “retirement provision”), in that regardless of whether the employee continues to provide services, the optionee receives the benefit of the stock option. SFAS No. 123(R) clarifies the timing for recognizing stock-based compensation expense for awards, subject to continued vesting upon meeting this retirement provision. This compensation expense must be recognized over the period from the date of grant to the date retirement eligibility is met if it is shorter than the required service period. Upon adoption of SFAS No. 123(R) in the first quarter of fiscal year 2007, the Company changed its policy regarding the timing of option expense recognition for optionees meeting the criteria of the retirement provision to recognize compensation cost over the period through the date that the optionee is no longer required to provide service to earn the award. Prior to the adoption of SFAS No. 123(R), the Company’s policy was to recognize these compensation costs over the vesting term. Had the Company applied these nonsubstantive vesting provisions required by SFAS No. 123(R) to awards granted prior to the adoption of SFAS No. 123(R), the impact on the pro forma net earnings presented below would have been immaterial.

Common Stock Fair Value

As of March 30, 2007, there was no public market for the Company’s common stock, and, in connection with its grants of stock options, the Company’s board of directors, with input from management, determined the fair value of its common stock. The fair value of the common stock was determined contemporaneously with option grants on an annual basis. The fair value was determined using an average of the discounted cash flow form of the income approach, the guideline public company method and comparable transactions method of the market approach. The discounted cash flow approach involves applying appropriate risk-adjusted discount rates of approximately 17.8% to estimated debt-free cash flows, based on forecasted revenues and costs. The projections used in connection with this valuation were based on the Company’s expected operating performance over the forecast period. There is inherent uncertainty in these estimates; if different discount rates or assumptions had been used, the valuation would have been different. The guideline public company method estimates the fair value of a company by applying to the company market value multiples, in this case of EBITDA, observed for publicly traded firms in similar lines of business. The comparable transaction method of the market approach estimates the fair value of a company based upon comparable companies that have been bought and sold in the public marketplace. The fair value of the Company’s common stock was determined from the mid-point of the value ranges provided by each of the three described valuation methods with a 15.0% discount applied to account for the lack of marketability of the common stock.

The Company has incorporated the fair values determined in the contemporaneous valuation into the Black-Scholes option pricing model when calculating the compensation expense to be recognized for the stock options granted during the fiscal year ended March 30, 2007.

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Notes to Consolidated Financial Statements — (Continued)

Since April 1, 2006, the Company has granted stock options with exercise prices as follows:

Grant Date	Number of Options Granted	Weighted Average Exercise Price	Weighted Average Fair Value of Common Stock
April 25, 2006	5,000	$ 11.90	$ 11.90
May 1, 2006	5,000	12.13	12.16
June 6, 2006	1,500	12.13	12.16
June 26, 2006	7,100	12.13	12.16
June 27, 2006	6,000	12.13	12.16
August 1, 2006	58,900	12.13	12.16
August 3, 2006	9,000	12.13	12.16
August 9, 2006	49,700	12.13	12.16
August 21, 2006	500	12.13	12.16
August 30, 2006	10,000	12.13	12.16
September 5, 2006	4,000	12.13	12.16
September 11, 2006	2,000	12.13	12.16
September 26, 2006	3,600	12.13	12.16
October 2, 2006	56,000	12.13	12.16
October 9, 2006	15,000	12.13	12.16
November 15, 2006	2,000	12.13	12.16
November 27, 2006	1,500	12.16	12.16
January 2, 2007	5,000	12.16	12.16
January 8, 2007	4,000	12.16	12.16
February 5, 2007	2,000	12.16	12.16

The adoption of SFAS No. 123(R) on April 1, 2006 had the following impact on fiscal year 2007 results: income before income taxes and net income was lower by approximately $953,000.

The following table details the effect on net income and earnings per share had stock-based compensation expense been recorded for the fiscal years 2005 and 2006 based on the fair-value method under SFAS No. 123:

	Fiscal Year Ended	
	March 25, 2005	March 31, 2006
	(in thousands, except per share data)	
Net income, as reported	$ 15,552	$ 11,558
Deduct: stock-based compensation expense determined under the fair-value based method for all awards	(1,937)	(3,155)
Pro forma net income	$ 13,615	$ 8,403
Net income per share:		
As reported - basic	$ 0.62	$ 0.46
Pro forma - basic	$ 0.54	$ 0.34
As reported - diluted	$ 0.59	$ 0.44
Pro forma - diluted	$ 0.52	$ 0.32

Prior to the adoption of SFAS No. 123(R), on March 28, 2006, the Company accelerated the vesting of all unvested stock options awarded to employees during the time period of April 2004 through May 2005 that had exercise prices of $12.20 per share. Unvested options to purchase 222,500 shares became exercisable as a

result of the vesting acceleration. Because the exercise price of all the modified options was greater than the market price of the Company's underlying common stock on the date of the modification, no stock-based compensation expense was recorded in the consolidated statement of operations, in accordance with APB Opinion No. 25. The primary purpose for modifying the terms of these out-of-the-money stock options to accelerate their vesting was to eliminate the need to recognize the remaining unrecognized non-cash compensation expense in the statement of income associated with these options as measured under SFAS No. 123, because the approximately $1,105,000 of future expense associated with these options would have been disproportionately high compared to the economic value of the options at the date of modification.

Stock-Based Compensation Activity

A summary of the activity under the Company's 2001 Plan as of March 30, 2007, and changes during the fiscal year then ended, is presented below:

	Options Outstanding	Weighted-Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Options outstanding at March 31, 2006	2,898,590	$ 6.93		
Options granted	247,800	$ 12.13		
Options forfeited	(76,600)	$ 10.09		
Options outstanding at March 30, 2007	3,069,790	$ 7.27	5.3	$ 15,010
Options exercisable at March 30, 2007	2,218,050	$ 6.62	4.5	$ 12,293
Options vested or expected to vest at March 30, 2007	2,911,883	$ 7.17	5.2	$ 14,545

As of March 30, 2007, there was $2,014,000 of total unrecognized compensation cost related to stock options. That cost is expected to be recognized over a weighted-average period of 2.6 years.

8. Retirement Plans

On March 30, 2007, the Company adopted the recognition and disclosure provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. This Statement requires the Company to recognize the funded status (i.e., the difference between the fair value of plan assets, and the benefit obligations) of our defined benefit pension plans in our March 30, 2007 balance sheet with a corresponding adjustment to accumulated other comprehensive income ("AOCI"), net of tax. The adjustment to AOCI as adoption represents the net actuarial losses, and prior service costs, all of which were previously netted against the plans' funded status in the Company's balance sheet pursuant to the provision of SFAS No. 87, *Employers' Accounting for Pensions.* These amounts will continue to be recognized as a component of future net periodic benefit cost consistent with the Company's past practice. Further, actuarial gains and losses and prior service costs that arise in future periods and are not recognized as net periodic benefit costs in the same periods will be recognized as a component of other comprehensive income. Those amounts will also be recognized as a component of future net periodic benefit costs consistent with the Company's past practice. In addition, SFAS No. 158 requires that companies using a measurement date for their defined benefit pension plans and other postretirement benefit plans other than their fiscal year end

change to a fiscal-year-end measurement date effective for years ending after December 15, 2008. The Company has chosen to adopt the measurement date changes as of the fiscal year ended March 28, 2008, thus in this fiscal year's financials the measurement dates have been as of December 30, 2006.

The incremental effects of adopting the provisions of SFAS No. 158 on the Company's balance sheet at March 30, 2007, are presented in the following table. The adoption of SFAS No. 158 had no effect on the Company's consolidated statement of income or the Company's consolidated statement of Stockholder's Equity and Comprehensive Income for the fiscal year ended March 30, 2007, or for any prior period presented, and it will not affect the Company's operating results in future periods. Had the Company not been required to adopt SFAS No. 158 at March 30, 2007, it would have recorded an additional minimum liability pursuit to the provisions of SFAS No. 87. The effect of recognizing the additional minimum liability is included in the table below in the column labeled "Before Application of SFAS No. 158."

	Before Application of SFAS No. 158 Adjustments	Adjustments	After Application of SFAS No. 158 Adjustments
		(in thousands)	
Liability for benefits	$ (3)	$ 99	$ 96
Deferred income taxes	1,415	(35)	1,380
Total liabilities	66,966	64	67,030
AOCI	(181)	(64)	(245)
Total stockholder's equity	145,072	(64)	145,008

The amounts recorded in AOCI for the year ended March 30, 2007, are further detailed by the type of plan to which they are attributable:

	Net Transition Obligation (Asset)	Net Actuarial Loss	Total
		(in thousands)	
Balance, March 31, 2006	$ —	$ —	$ —
2007 change in AOCI by Plan Type	—	—	—
U.S. defined benefit	—	—	—
Non-U.S. defined benefit	(199)	298	99
Amounts in AOCI (before tax)	(199)	298	99
Less tax (benefit) expense	(69)	104	35
Total Changes in AOCI by plan type in 2007	(130)	194	64
Balance, March 30, 2007, (net of tax)	$ (130)	$ 194	$ 64

The estimated amount of actuarial net loss included in AOCI as of March 30, 2007, that is expected to be amortized into net periodic benefit cost over the next fiscal year is approximately $184,000 for the defined benefit pension plans.

As of March 30, 2007, the Company does not expect to return any of the assets of the plan to the Company during the next 12 months.

Plan Descriptions

U.S. Defined Benefit Plan

The Allegro Retirement Successor Plan (the "Successor Plan"), a defined benefit plan, was established effective January 1, 1991 for certain U.S. based salaried employees. The benefits of the Successor Plan were

frozen and are offset by benefits derived from the Company's contributions to the defined contribution Retirement and Savings Plan (see below) for specific employees covered under the Successor Plan. The Successor Plan assets are invested in an investment fund consisting primarily of common and pooled trust funds. The Company's funding policy is to make annual contributions to the Successor Plan as required by the funding standards of the Employees Retirement Income Security Act of 1974, as determined by the Plan's actuary.

Non-U.S. Defined Benefit Plan

The Company's Philippines subsidiary has a defined benefit pension plan, which is a noncontributory plan that covers substantially all employees of the respective subsidiary. The plan assets are invested in common trust funds, bonds, and other debt instruments, and stocks.

Effect on the Statements of Income and Balance Sheets

Expense related to defined benefit plans were as follows:

	US. Defined Benefit Plan			Non-U.S. Defined Benefit Plan		
	Fiscal Year Ended			Fiscal Year Ended		
	March 25, 2005	March 31, 2006	March 30, 2007	March 25, 2005	March 31, 2006	March 30, 2007
		(in thousands)			(in thousands)	
Service cost	$ —	$ —	$ —	$ 182	$ 208	$ 207
Interest Cost	50	38	26	206	244	284
Expected return on plan assets	(33)	(31)	(28)	(183)	(215)	(257)
Amortization of prior service cost	—	—	—	(1)	(8)	(15)
Net periodic benefit costs	30	2	—	—	—	—
Settlement loss	14	28	31	—	—	—
Net periodic pension expense	$ 61	$ 37	$ 29	$ 204	$ 229	$ 219

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Notes to Consolidated Financial Statements — (Continued)

Changes in the benefit obligations and plan assets for the defined benefit plans were as follows:

	US. Defined Benefit Plan		Non-U.S. Defined Benefit Plan	
	Fiscal Year Ended		Fiscal Year Ended	
	March 31, 2006	March 30, 2007	March 31, 2006	March 30, 2007
	(in thousands)		(in thousands)	
Obligation and funded status of plans:				
Benefit obligation at beginning of year	$ 836	$ 654	$ 2,475	$ 2,539
Service cost	—	—	208	207
Interest cost	38	26	244	284
Benefits paid	(200)	(266)	(105)	(169)
Actuarial (gain) loss	(20)	14	(420)	446
Foreign currency exchange rate changes	—	—	137	163
Benefit obligation at end of year	$ 654	$ 428	$ 2,539	$ 3,470
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 605	$ 552	$ 2,040	$ 2,476
Actual return on plan assets	18	26	201	444
Employer contributions	129	89	193	209
Benefits paid	(200)	(266)	(105)	(169)
Foreign currency exchange changes	—	—	147	159
Fair value of plan assets at end of year	$ 552	$ 401	$ 2,476	$ 3,119
Funded status at end of year	$ (102)	$ (27)	$ (63)	$ (351)

Amounts recognized on the balance sheet as of March 30, 2007, under SFAS No. 158:

	U.S. Defined Benefit Plan	Non-U.S. Defined Benefit Plan	Total
		(in thousands)	
Underfunded retirement plans	$ (27)	$ (351)	$(378)
Funded status at end of year	$ (27)	$ (351)	$(378)

Amounts recognized on the balance sheet as of March 31, 2006, prior to the adoption of SFAS No. 158:

	U.S. Defined Benefit Plan	Non-U.S. Defined Benefit Plan	Total
		(in thousands)	
Funded status at end of year	$ (102)	$ (63)	$ (165)
Unrecognized net actuarial loss	61	36	97
Unrecognized net transition obligation (asset)	—	(202)	(202)
Accrued retirement at end of year	$ (41)	$ (229)	$ (270)

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Notes to Consolidated Financial Statements — (Continued)

The following table presents the obligation and asset information for only those plans that have projected benefit obligation in excess of plan assets:

	U.S. Defined Benefit Plan		Non-U.S. Defined Benefit Plan	
	March 31, 2006	March 30, 2007	March 31, 2006	March 30, 2007
	(in thousands)		(in thousands)	
Projected benefit obligations	$ 654	$ 428	$ 2,539	$ 3,470
Plan assets	552	401	2,476	3,119
Accumulated benefit obligations	654	428	1,353	2,113

Assumptions and Investment Policies

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Costs

	At March 31, 2006	At March 30, 2007
U.S. assumed discount rate	5.50%	5.50%
Non-U.S. assumed discount rate	10.75%	7.00%
U.S. expected long-term return on plan assets	7.00%	7.00%
Non-U.S. expected long-term return on plan assets	9.50%	9.50%
U.S. rate of compensation increase	4.00%	4.00%
Non-U.S. rate of compensation increase	7.00%	5.00%

Assumptions for expected long-term rate of return on plan assets are based upon actual historical returns, future expectations of returns for each asset class and the effect of periodic target asset allocation rebalancing. The results are adjusted for the payment of reasonable expenses of the plan from plan assets. The historical long-term return on the plans' assets has exceeded the selected rates and we believe these assumptions are appropriate based upon the mix of the investments and the long-term nature of the plans' investments.

Plan Assets

The Company's pension plan weighted-average asset allocations are as follows:

	At March 31, 2006	At March 30, 2007
Fixed income securities	36.7%	39.9%
Bond securities	32.5%	26.7%
Loans and discounts	10.5%	9.1%
Cash and foreign currency	19.1%	3.4%
Other	1.2%	20.9%
Total	100.0%	100.0%

There are no significant restrictions on the amount or nature of the investments that may be acquired or held by the plans.

Cash Flows

During fiscal year 2007, the Company contributed approximately $298,000 to its pension plans. The Company expects to contribute approximately $181,000 to its pension plan in fiscal year 2008.

Estimated Future Benefit Payments

The following table projects the benefits expected to be paid to participants from the plans in each of the following years. The majority of the payments will be paid from plan assets not company assets.

	Pension Benefits (in thousands)
2007	$ 334
2008	$ 146
2009	$ 260
2010	$ 219
2011	$ 521
2012 - 2016	$ 1,585

Defined Contribution Plans

The Company also has a defined contribution Retirement and Savings Plan (the "Plan") covering substantially all of its U.S. employees. The Company provides basic retirement contributions to eligible U.S. employees primarily based on employees' earnings, as defined in the Plan agreement. Total retirement contribution expense totaled approximately $1,470,000, $490,000 and $1,820,000 for fiscal years 2005, 2006 and 2007, respectively.

In addition, as part of the Plan, eligible U.S. employees may contribute up to 50% of their pretax compensation to the Plan, subject to certain limitations, and the Company may match, at its discretion, 25% of the participants' pretax contributions, up to 6% of their compensation. Matching contributions by the Company totaled approximately $727,000, $702,000 and $578,000 for fiscal years 2005, 2006, and 2007, respectively.

The Company's subsidiary, Allegro MicroSystems Europe, Ltd. ("Allegro Europe"), has a defined contribution plan (the "AME Plan") covering substantially all employees of Allegro Europe. Contributions to the AME Plan by the Company totaled approximately $102,000, $108,000 and $115,000 for fiscal years 2005, 2006 and 2007, respectively.

9. Transactions with Related Parties

The Company sells products to, sells products for, and purchases in-process products from Sanken. Net sales to Sanken totaled approximately $54,913,000, $62,361,000 and $62,904,000 for fiscal years 2005, 2006, and 2007, respectively. Accounts receivable from Sanken total approximately $5,742,000 and $6,208,000 at March 31, 2006 and March 30, 2007, respectively, Net sales of Sanken products by the Company totaled approximately $34,325,000, $23,218,000 and $24,535,000 for fiscal years ended 2005, 2006 and March 2007, respectively. Purchases of various products from Sanken totaled approximately $29,980,000, $21,186,000 and $21,884,000 for fiscal years 2005, 2006 and 2007, respectively. Accounts payable to Sanken totaled approximately $5,808,000 and $9,482,000 at March 31, 2006 and March 30, 2007, respectively.

During November 2002, Sanken and the Company executed a Technology Transfer Agreement for certain wafer process technology. The agreement grants Sanken a permanent, worldwide, royalty-free license to utilize certain wafer processing technology developed by the Company.

In July 2006, the Company paid a $1,000,000 dividend, which was declared in March 2006, to Sanken. The Company also declared a $1,000,000 dividend, in March 2007, which was distributed in May 2007 to Sanken, its sole stockholder.

The Company has also executed loan agreements with Sanken (see Note 5). In addition, Sanken guarantees the Company's debt with certain third-party banks as described in Note 5.

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Notes to Consolidated Financial Statements — (Continued)

The Company entered into a Joint Development Agreement ("Development Agreement") on February 15, 2006 with Sanken and Polar Semiconductor, Inc. ("PSI") whereby the Company and Sanken will jointly own a specific wafer technology and will share the reimbursement of development costs incurred by PSI. During fiscal year 2007, the Company reimbursed approximately $1,600,000 to PSI for costs incurred under this Development Agreement.

In July 2005, Sanken purchased PSI, formerly known as PolarFab Inc., a wafer foundry supplier to the Company. Purchases of various products from PSI totaled approximately $17,861,000 during the period of July 2005 through March 2006 and $29,243,000 for fiscal year 2007. Accounts payable to PSI totaled approximately $1,221,000 and $1,815,000 at March 31, 2006 and March 30, 2007, respectively.

10. Business Segment and Geographic Information

In accordance with SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information,* the Company disclosures financial and descriptive information about it's reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available and is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Management has chosen to organize the enterprise into two reportable product based segments called Allegro Products and Sanken Products.

The Allegro Products segment includes various integrated circuits that the Company designs, manufacturers and markets for use by the automotive, computer and office automation, communications, consumer and industrial markets. The Sanken Products segment includes those products in which the Company is a distributor for products, which are manufactured by the Company's parent, Sanken, and sold by the Company on their behalf.

The following table presents sales and other financial information by business segment. Net sales represent sales originating in entities primarily engaged in either provision of Allegro Products or Sanken Products. Long-lived assets including property, plant and equipment, other intangibles and other long-lived assets.

	Fiscal Year Ended		
	March 25, 2005	March 31, 2006	March 30, 2007
	(in thousands)		
Allegro Products			
Net Sales	$ 248,052	$ 261,837	$ 296,206
Gross Margin	89,050	88,795	110,339
Operating Income	17,836	15,129	28,182
Total Assets	146,768	151,306	157,947
Long-lived Assets	85,881	89,600	94,007
Depreciation and Amortization	17,574	18,596	20,673
Capital Expenditures	22,775	19,376	26,114
Sanken Products			
Net Sales	$ 34,325	$ 23,218	$ 24,535
Gross Margin	3,299	2,210	2,574
Operating Income	(19)	(544)	881
Finished Goods Inventory	2,268	1,419	792
Long-Lived Assets	—	—	—
Depreciation and Amortization	—	—	—

Allegro MicroSystems, Inc.

Notes to Consolidated Financial Statements — (Continued)

Assets not allocated to reportable segments include cash, trade accounts receivable and amounts due from related parties. These assets are not allocated to reportable segments as they are shared between the reportable segments and are not used by the chief operating decision maker to assess the reportable segments, performance or to allocate resources.

A reconciliation of the totals reported for the reportable segments to the applicable line items in the Company's consolidated financial statements is as follows:

	At March 25, 2005	At March 31, 2006	At March 30, 2007
		(in thousands)	
Total assets allocated to reportable segments	$ 149,036	$ 152,725	$ 158,739
Cash and cash equivalents	5,552	3,647	13,468
Trade accounts receivables, net of allowances	34,659	33,645	33,911
Amounts due from related parties	6,226	5,742	6,208
Total Assets	$ 195,473	$ 195,759	$ 212,326

The following table presents sales and other financial information by geographic regions. Sales to unaffiliated customers represent net sales originating in entities physically located in the identified geographic area. The prominent countries comprising Rest of Asia are Korea, Taiwan and Singapore. Property, plant and equipment is based upon the physical location of these assets.

	Fiscal Year Ended		
	March 25, 2005	March 31, 2006	March 30, 2007
		(in thousands)	
Net Sales			
United States of America	$ 72,729	$ 73,171	$ 96,062
United Kingdom	84,469	75,152	75,566
Japan	54,913	62,361	62,904
Hong Kong	19,335	26,467	32,383
Philippines	1,094	1,393	622
Rest of Asia	49,157	46,181	52,878
South America	679	330	326
Consolidated Net Sales	$ 282,376	$ 285,055	$ 320,741
Property, Plant and Equipment			
United States of America	$ 52,245	$ 46,288	$ 47,687
United Kingdom	293	199	124
Philippines	31,946	37,957	42,433
Rest of Asia	6	64	46
South America	156	95	80
Consolidated Property, Plant and Equipment	$ 84,646	$ 84,603	$ 90,370

Allegro MicroSystems, Inc.

Notes to Consolidated Financial Statements — (Continued)

11. Selected Quarterly Data (Unaudited)

Fiscal Quarter Ended 2007

	June 30, 2006	Sept. 29, 2006	Dec. 29, 2006	March 30, 2007
	(in thousands)			
Total net sales	$ 78,705	$ 82,539	$ 80,224	$ 79,273
Gross profit	27,740	29,618	27,542	28,013
Operating income	6,593	10,102	6,801	5,567
Net income	3,958	6,805	6,055	4,257
Basic earnings per common share	$ 0.16	$ 0.27	$ 0.24	$ 0.17
Diluted earnings per common share	$ 0.15	$ 0.26	$ 0.23	$ 0.16

Fiscal Quarter Ended 2006

	June 24, 2005	Sept. 30, 2005	Dec. 30, 2005	March 31, 2006
	(in thousands)			
Total net sales	$ 68,491	$ 67,329	$ 73,298	$ 75,937
Gross profit	21,012	22,080	23,321	24,592
Operating income	2,160	4,113	3,910	4,403
Net income	862	2,788	3,527	4,381
Basic earnings per common share	$ 0.03	$ 0.11	$ 0.14	$ 0.18
Diluted earnings per common share	$ 0.03	$ 0.11	$ 0.13	$ 0.17

12. Subsequent Events

On July 5, 2007, the Company's board of directors approved an increase in authorized shares of common stock from 30,000,000 to 50,000,000 and a change in par value of common stock from $1.00 per share to $0.01 per share.

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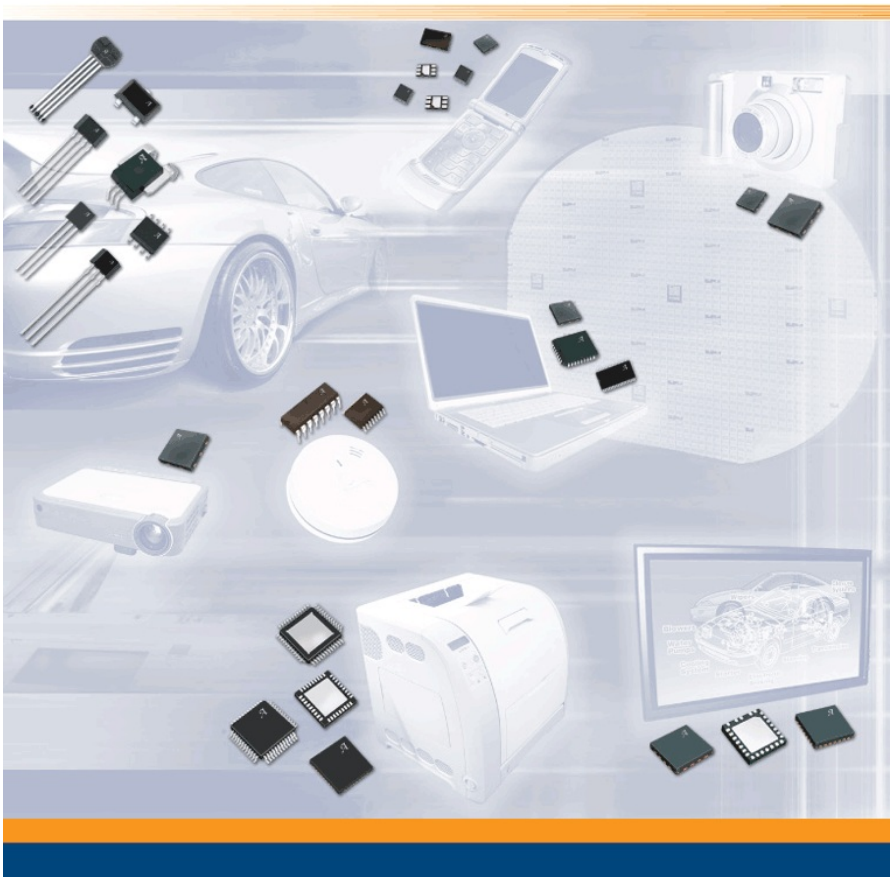

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Shares

Common Stock

PROSPECTUS
, 2007

Joint Book-Running Managers

LEHMAN BROTHERS
DAIWA SECURITIES AMERICA INC.

CIBC WORLD MARKETS
PIPER JAFFRAY

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution.***

The following table sets forth the fees and expenses, other than underwriting discounts and commissions, payable in connection with the registration of the shares of Stock hereunder. All amounts shown are estimates, except the SEC registration fee, the National Association of Securities Dealers Inc. fee and the Nasdaq Global Select Market listing fee.

	Amount to be Paid
SEC registration fee	$ 3,531
National Association of Securities Dealers Inc. fee	12,000
Nasdaq Global Select Market listing fee	15,000
Blue Sky fees and expenses	*
Accounting fees and expenses	*
Legal fees and expenses	*
Transfer agents fees and expenses	*
Printing and mailing	*
Miscellaneous	*
Total	*

* To be provided by amendment.

Item 14. ***Indemnification of Directors and Officers.***

Our amended and restated certificate of incorporation and amended and restated by-laws provide for indemnification of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Section 145 of the Delaware General Corporation Law provides, among other things, that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal administrative or investigative, by reason of the fact that such person is or was our director or officer, or is or was serving at our request as our director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other entity against all expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding.

This indemnification provision may have the practical effect in certain cases of eliminating the ability of our stockholders to collect monetary damages from directors and officers. We believe this provision in our charter and by-laws is necessary to attract and retain qualified persons as directors and officers.

We maintain a general liability insurance policy which covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers.

In the underwriting agreement we will enter into in connection with the sale of the common stock being registered hereby, the underwriters will agree to indemnify, under certain circumstances, us, our directors, our officers and persons who control us within the meaning of the Securities Act against certain liabilities.

Item 15. ***Recent Sales of Unregistered Securities.***

Since July 1, 2004, we have granted stock options to purchase 553,500 shares of common stock with exercise prices ranging from $11.90 to $12.20 per share, to employees and consultants pursuant to our 2001 Stock Option Plan. Following this offering, we plan to grant stock options under our 2007 Long-Term

Incentive Plan to each independent director. The offer, sale and issuance of these securities were exempt from registration under the Securities Act under Rule 701 in that the transactions were under compensatory benefit plans as provided under Rule 701. The grant of the stock options did not involve the use of an underwriter and no commissions were paid in connection with the grant of the stock options.

Item 16. ***Exhibits and Financial Statement Schedules.***

(a) *Exhibits:*

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of the registrant.
3.2	Amended and Restated By-laws of the registrant.
4.1*	Form of registrant's Common Stock Certificate.
5.1*	Opinion of Sidley Austin LLP.
10.1	2001 Stock Option Plan and form of agreements thereunder.
10.2*	2007 Long-Term Incentive Plan and form of agreement thereunder.
10.3	Executive Deferred Compensation Plan for the registrant.
10.4	Severance Agreement, dated March 30, 2001, between the registrant and Dennis H. Fitzgerald and Letter Agreement, dated June 27, 2003, between the registrant and Dennis H. Fitzgerald, entered in relation thereto.
10.5*†	Affiliation Agreement, dated , 2007, between Sanken Electric Co., Ltd. and the registrant.
10.6*†	Distribution Agreement Japan, dated July 5, 2007, between Sanken Electric Co., Ltd. and the registrant.
10.7*†	Distribution Agreement, dated July 5, 2007, between Sanken Electric Co., Ltd. and the registrant.
10.8*†	Sales Representative Agreement, dated July 5, 2007, between Sanken Electric Co., Ltd. and the registrant.
10.9*†	Wafer Foundry Agreement, dated August 1, 2007, between the registrant and Polar Semiconductor, Inc.
10.10*†	Amended and Restated Joint Technology Development Agreement, dated August , 2007, among Polar Semiconductor, Inc., Sanken Electric Co., Ltd. and the registrant.
10.11*†	Technology Development Agreement, dated November 6, 2001, between PolarFab (currently known as Polar Semiconductor, Inc.) and the registrant.
10.12*†	Technology Transfer Agreement, dated November 30, 2002, between the registrant and Sanken Electric Co., Ltd.
10.13	Letter of Consent/Coexistence Agreement, dated October 3, 2006, between Cadence Design Systems, Inc. and the registrant.
10.14	Lease Agreement, dated August 19, 2003, between Airtight II, LLC and the registrant.
10.15	Contract of Lease, dated October , 2000, between the Government of the Republic of the Philippines and Allegro MicroSystems Philippines, Inc.
10.16	Contract of Lease, dated April 1, 2004, between Allegro MicroSystems Philippines Realty, Inc. and Allegro MicroSystems Philippines, Inc.
10.17	Loan Agreement, dated April 12, 2004, between the registrant and Sanken Electric Co., Ltd. and Memorandum, dated June 30, 2006, entered in relation thereto.
10.18	Loan Agreement, dated July 13, 2005, between the registrant and Sanken Electric Co., Ltd. and Memorandum, dated June 30, 2006, entered in relation thereto.
10.19	Loan Agreement, dated January 26, 2007, between the registrant and Sanken Electric Co., Ltd.
10.20	Loan Agreement, dated October 10, 2003, between Allegro MicroSystems Philippines, Inc. and Equitable PCI Bank.

Exhibit Number	Description
10.21	Deed of Undertaking, dated October 10, 2003, entered by Allegro MicroSystems Philippines, Inc. and Allegro MicroSystems Philippines Realty, Inc. in favor of Equitable PCI Bank.
10.22	Mortgage, dated May 4, 2004, executed by Allegro MicroSystems Philippines, Inc. and Allegro MicroSystems Philippines Realty, Inc. in favor of Equitable PCI Bank.
21.1	List of subsidiaries of the registrant.
23.1	Consent of Ernst & Young LLP.
23.2*	Consent of Sidley Austin LLP (included in Exhibit 5.1).
24.1	Powers of Attorney (included in signature page).

* To be filed by amendment.

† Confidential treatment requested/to be requested as to certain portions, which portions have been/will be filed separately with the Securities and Exchange Commission by Allegro MicroSystems, Inc.

(b) *Consolidated Financial Statements Schedules:*

No financial statement schedules are provided because the information is shown either in the financial statements or the notes thereto.

Item 17. ***Undertakings.***

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit

to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Worcester, State of Massachusetts, on August 8, 2007.

ALLEGRO MICROSYSTEMS, INC.

By: /s/ DENNIS H. FITZGERALD
Name: Dennis H. Fitzgerald
Title: President and Chief Executive Officer, Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned officers and directors of Allegro MicroSystems, Inc. each severally constitutes and appoints Dennis H. Fitzgerald, Mark A. Feragne and Yoshihiro Suzuki, and each of them severally, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution and each acting with or without the others, to execute for him and in his name, place and stead, in any and all capacities indicated below, any or all amendments (including pre-effective and post-effective amendments) to this registration statement and any subsequent registration statement and any or all amendments thereto (including pre-effective and post-effective amendments) for the same offering filed pursuant to Rule 462 under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them severally, full power and authority to do and perform in the name of and on behalf of the undersigned, in any and all capacities as officers and directors of Allegro MicroSystems, Inc., each and every act and thing necessary or desirable to be done in and about the premises, to all intents and purposes and as fully as they might or could do in person, to enable Allegro MicroSystems, Inc. to comply with the provisions of the Securities Act of 1933, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying, approving and confirming his signature as it may be signed by his said attorneys-in-fact and agents, or any of them, to said registration statement and any or all amendments thereto or to any subsequent registration statement for the same offering filed pursuant to said Rule 462 under the Securities Act of 1933, as amended, and all that said attorneys-in-fact and agents or their substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DENNIS H. FITZGERALD Dennis H. Fitzgerald	President and Chief Executive Officer, Director (Principal Executive Officer)	August 8, 2007
/s/ MARK A. FERAGNE Mark A. Feragne	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	August 8, 2007
/s/ SADATOSHI IIJIMA Sadatoshi Iijima	Chairman of the Board	August 8, 2007
/s/ KIYOSHI IMAIZUMI Kiyoshi Imaizumi	Director	August 8, 2007

Signature	Title	Date
/s/ HIDEJIRO AKIYAMA Hidejiro Akiyama	Director	August 8, 2007
/s/ YOSHIHIRO SUZUKI Yoshihiro Suzuki	Director	August 8, 2007
/s/ RICHARD R. LURY Richard R. Lury	Director	August 8, 2007

EXHIBIT INDEX

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23.1	Consent of Ernst & Young LLP.
23.2*	Consent of Sidley Austin LLP (included in Exhibit 5.1).
24.1	Powers of Attorney (included in signature page).

* To be filed by amendment.

† Confidential treatment requested/to be requested as to certain portions, which portions have been/will be filed separately with the Securities and Exchange Commission by Allegro MicroSystems, Inc.

EXHIBIT 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF ALLEGRO MICROSYSTEMS, INC.

The following Amended and Restated Certificate of Incorporation of Allegro Microsystems, Inc. (1) amends and restates the provisions of the Certificate of Incorporation of Allegro MicroSystems, Inc., which was originally incorporated on July 10, 1990; and (2) supersedes the original Certificate of Incorporation and all prior amendments and restatements in their entirety.

FIRST: Name. The name of the corporation is Allegro MicroSystems, Inc.

SECOND: Address; Registered Agent. The address of the corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. Its registered agent at such address is The Corporation Trust Company.

THIRD: Purpose. The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: Number of Shares. The total number of shares of stock that the corporation shall have authority to issue is fifty million (50,000,000) shares of common stock. The par value of common stock is one cent ($0.01) per share.

FIFTH: Limitation of Liability. The directors of the corporation shall be entitled to the benefit of all limitations on liability of directors that are now or hereafter become available under the General Corporation Law of the State of Delaware. Without limiting the foregoing, no director of the corporation shall be personally liable to the

corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of laws, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article by the stockholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

SIXTH: Indemnification. The corporation shall, to the fullest extent permitted by the General Corporation Law of the State of Delaware, indemnify any person made or threatened to be made a party to any action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other entity, against all expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action or proceeding.

SEVENTH: Bylaws. The board of directors of the corporation shall have the power to adopt, amend or repeal the bylaws of the corporation, provided that such power shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

This Amended and Restated Certificate of Incorporation was duly adopted at a special meeting of the stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporated to be signed by James M. Coonan, its Secretary, this 18th day of July, 2007.

ALLEGRO MICROSYSTEMS, INC.

/s/ James M. Coonan

James M. Coonan
Secretary

EXHIBIT 3.2

BY-LAWS

OF

ALLEGRO MICROSYSTEMS, INC.

(ADOPTED JULY 5, 2007)

ARTICLE I

OFFICES

The corporation shall continuously maintain in the State of Delaware a registered office and a registered agent whose office is identical with such registered office, and may have other offices within or without the State of Delaware.

ARTICLE II

STOCKHOLDERS

SECTION 1. ANNUAL MEETING.

(a) An annual meeting of the stockholders shall be held on such date and at such time in each calendar year as the Board of Directors may, in its discretion, determine, for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

(b) Only such business shall be conducted at an annual meeting of stockholders as shall have been properly brought before the meeting. For business to be properly brought before the meeting, it must be: (i) authorized by the Board of Directors and specified in the notice, or a supplemental notice, of the meeting, (ii) otherwise brought before the meeting by or at the direction of the Board of Directors or the chairman of the meeting, or (iii) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given written notice thereof to the Secretary of the Corporation, delivered or mailed to and received at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days from the anniversary date of the preceding year's annual meeting date, written notice by a stockholder in order to be timely must be received not later than the close of business on the tenth day following the day on which the first public disclosure of the date of the annual meeting was made. Delivery shall be by hand or by certified or registered mail, return receipt requested. In no event shall the public disclosure of an adjournment of an annual meeting commence a new time period for the giving of stockholder's notice as described above. A stockholder's notice to the Secretary shall set forth as to each item of business the stockholder proposes to bring before the meeting: (1) a description of such item and the reasons for

conducting such business at the meeting, (2) the name and address, as they appear on the Corporation's records, of the stockholder proposing such business, (3) a representation that the stockholder is a holder of record of shares of stock of the Corporation entitled to vote with respect to such business and intends to appear in person or by proxy at the meeting to move the consideration of such business, (4) the class and number of shares of stock of the Corporation which are beneficially owned by the stockholder (for purposes of the regulations under Sections 13 and 14 of the Securities Exchange Act of 1934, as amended), and (5) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business. No business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (b). The chairman of the meeting at which any business is proposed by a stockholder shall, if the facts warrant, determine and declare to the meeting that such business was not properly brought before the meeting in accordance with the provisions of this paragraph (b), and, in such event, the business not properly before the meeting shall not be transacted.

SECTION 2. SPECIAL MEETINGS. Special meetings of the stockholders may be called by the Chairman of the Board or the Chief Executive Officer of the Corporation, by the Board of Directors or by the holders of not less than one-half of all the outstanding shares of the Corporation entitled to vote on the matter for which the meeting is called and by no other person. The Board of Directors may, in its sole discretion, determine that the special meeting shall not be held at any place, but shall be held solely by means of remote communication, subject to such guidelines and procedures as the Board of Directors may adopt, as permitted by applicable law. The business transacted at a special meeting of stockholders shall be limited solely to matters relating to the purpose or purposes stated in the notice of meeting.

SECTION 3. PLACE OF MEETING. The board of directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting. If no designation is made, the place of meeting shall be at the principal office of the Corporation.

SECTION 4. NOTICE OF MEETING. Written notice stating the place, date, and time of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall, unless otherwise provided by law, the Certificate of Incorporation or these By-laws, be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally, by mail, or, to the extent and in the manner permitted by applicable law, electronically, by or at the direction of the President, or the Secretary, or the officer or persons calling the meeting, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 5. FIXING OF RECORD DATE. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or stockholders

entitled to receive payment of any dividend, or in order to make a determination of stockholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, such date in any case to be not more than sixty (60) days and, for a meeting of stockholders or a determination of stockholders entitled to express consent to corporate action in writing without a meeting, not less than ten (10) days, immediately preceding such meeting or such action. If no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive a payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date. A determination of stockholders entitled to vote at the meeting shall apply to any adjournment.

SECTION 6. VOTING LISTS. The officer or agent having charge of the transfer books for shares of the Corporation shall make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at such meeting, arranged in alphabetical order, with the address of and the number of shares registered in the name of each stockholder, which list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to such meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours at the principal place of business of the Corporation, and which list shall be subject to inspection by any stockholder, and to copying at the stockholder's expense. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, the list shall be open to the examination of any stockholder during the whole time thereof on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting. The original share ledger or transfer book shall be prima facie evidence as to who are the stockholders entitled to examine such list or share ledger or transfer book or to vote in person or by proxy at any meeting of stockholders.

SECTION 7. QUORUM; ADJOURNMENT.

(a) Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the holders of a majority of the outstanding shares of the Corporation entitled to vote on a matter, represented in person or by proxy, shall constitute a quorum for consideration of such matter at any meeting of stockholders, provided that if less than a majority of the outstanding shares are represented at said meeting, a majority of the shares so represented may adjourn the meeting at any time without further notice. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on a matter shall be the act of the stockholders, unless the vote of a greater number or voting by classes is required by law, the Certificate of Incorporation or these By-laws. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been

transacted at the original meeting. Withdrawal of stockholders from any meeting shall not cause failure of a duly constituted quorum at that meeting.

(b) Any annual or special meeting of stockholders may be adjourned from time to time to reconvene at the same or some other place, if any, and notice need not be given of any such adjourned meeting if the date, time and place, if any, thereof and the means of remote communication, if any, by which stockholders and proxyholders may be deemed present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting in accordance with Sections 4 and 5 of this Article II.

SECTION 8. PROXIES.

(a) At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after three (3) years from the date of its execution, unless otherwise provided in the proxy. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing with the Secretary an instrument in writing revoking the proxy or another duly executed proxy bearing a later date.

(b) A stockholder may authorize another person or persons to act for such stockholder as proxy (i) by executing a writing authorizing such person or persons to act as such, which execution may be accomplished by such stockholder or such stockholder's authorized officer, director, partner, employee or agent (or, if the stock is held in a trust or estate, by a trustee, executor or administrator thereof) signing such writing or causing his or her signature to be affixed to such writing by any reasonable means, including, but not limited to, facsimile signature, or (ii) by transmitting or authorizing the transmission of a telegram or other means of electronic transmission (a "Transmission") to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such Transmission; provided that any such Transmission must either set forth or be submitted with information from which it can be determined that such Transmission was authorized by such stockholder.

(c) Any inspector or inspectors appointed pursuant to Article II, Section 9 of these By-laws shall examine Transmissions to determine if they are valid. If no inspector or inspectors are so appointed, the Secretary or such other person or persons as shall be appointed from time to time by the Board of Directors shall examine Transmissions to determine if they are valid. If it is determined that a Transmission is valid, the person or persons making that determination shall specify the information upon which such person or persons relied. Any copy, facsimile telecommunication or other reliable reproduction of such a writing or Transmission may be substituted or used in lieu of the original writing or Transmission for any and all purposes for

which the original writing or Transmission could be used; provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or Transmission.

SECTION 9. VOTING OF SHARES.

(a) Each outstanding share, regardless of class, shall be entitled to one vote by the holder thereof in each matter submitted to a vote at a meeting of stockholders and in respect of which such stockholder has voting power.

(b) Voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors of election unless so required by Section 9(c) of this Article II of these By-laws or so determined by the holders of stock having a majority of the votes which could be cast by the holders of all outstanding stock entitled to vote which are present in person or by proxy at such meeting. Unless otherwise provided in the Certificate of Incorporation, directors shall be elected by a plurality of the votes cast in the election of directors. Each other question shall, unless otherwise provided by law, the Certificate of Incorporation or these By-laws, be decided by the vote of the holders of stock having a majority of the votes which could be cast by the holders of all stock entitled to vote on such question which are present in person or by proxy at the meeting.

(c) If the Corporation has a class of voting stock that is (i) listed on a national securities exchange, (ii) authorized for quotation on an interdealer quotation system of a registered national securities association or (iii) held of record by more than 2,000 stockholders, the Board of Directors shall, in advance of any meeting of stockholders, appoint one or more inspectors (individually an "Inspector," and collectively the "Inspectors") to act at such meeting and make a written report thereof. The Board of Directors may designate one or more persons as alternate Inspectors to replace any Inspector who shall fail to act. If no Inspector or alternate is able to act at such meeting, the chairman of the meeting shall appoint one or more other persons to act as Inspectors. Each Inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of Inspector with strict impartiality and according to the best of his or her ability.

The Inspectors shall (i) ascertain the number of shares of stock of the Corporation outstanding and the voting power of each, (ii) determine the number of shares of stock of the Corporation present in person or by proxy at such meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the Inspectors and (v) certify their determination of the number of such shares present in person or by proxy at such meeting and their count of all votes and ballots. The Inspectors may appoint or retain other persons or entities to assist them in the performance of their duties.

The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at such meeting. No ballots, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the Inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by any stockholder shall determine otherwise.

In determining the validity and counting of proxies and ballots, the Inspectors shall be limited to an examination of the proxies, any envelopes submitted with such proxies, any information referred to in Sections 9(b) and 10 of this Article II, ballots and the regular books and records of the Corporation, except that the Inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by a stockholder of record to cast or more votes than such stockholder holds of record. If the Inspectors consider other reliable information for the limited purpose permitted herein, the Inspectors, at the time they make their certification pursuant to the second paragraph of this Section 9(b), shall specify the precise information considered by them, including the person or persons from whom such information was obtained, when and the means by which such information was obtained and the basis for the Inspectors' belief that such information is accurate and reliable.

SECTION 10. VOTING OF SHARES BY CERTAIN HOLDERS. Shares held by the Corporation in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares entitled to vote at any given time.

Shares registered in the name of another corporation, domestic or foreign, may be voted by any officer, agent, proxy or other legal representative authorized to vote such shares under the law of incorporation of such corporation.

Shares registered in the name of a deceased person, a minor ward or a person under legal disability may be voted by his or her administrator, executor, or court appointed guardian, either in person or by proxy without a transfer of such shares into the name of such administrator, executor, or court appointed guardian. Shares registered in the name of a trustee may be voted by such trustee, either in person or by proxy.

Shares registered in the name of a receiver may be voted by such receiver and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his or her name if authority so to do is contained in an appropriate order of the court by which such receiver was appointed.

A stockholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

SECTION 11. ACTION BY WRITTEN CONSENT OF STOCKHOLDERS. Any action required to be taken at any annual or special meeting of the stockholders of the Corporation, or any other action which may be taken at a meeting of the stockholders, may be taken without a meeting and without a vote, if (a) a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voting, and (b) all appropriate notices required by the General Corporate Law of the State of Delaware and/or the Securities Exchange Act of 1934 are provided to those stockholders who do not consent in writing to such action.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the corporation shall be managed by its Board of Directors, which may exercise all powers of the Corporation and perform all lawful acts that are not by law, the Certificate of Incorporation, or these By-laws directed or required to be exercised or performed by the stockholders.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of directors of the corporation shall be not less than five (5) and not more than nine (9). Within such limits, the number of directors shall be fixed by and may be changed from time to time by the stockholders or the board of directors. Each director shall hold office until his or her successor shall have been duly elected and qualified, or until his or her earlier removal, resignation, death or incapacity. An election of all directors by the stockholders shall be held at each annual meeting of the stockholders. A director need not be a resident of Delaware or a stockholder of the Corporation.

SECTION 3. ELECTION OF DIRECTORS. Only persons who are nominated in accordance with the procedures set forth in this Section 3 shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board of Directors may be made at a meeting of stockholders by the Board of Directors or by any stockholder of the Corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this Section 3. Any nomination by a stockholder must be made by written notice to the Secretary delivered or mailed to and received at the principal executive offices of the Corporation: (i) with respect to an election to be held at an annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within thirty (30) days from the anniversary date of the preceding year's annual meeting date, written notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which public disclosure of the date of the annual meeting was made, and (ii) with respect to an election to be held at a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which the first public disclosure of the date of the special meeting was made. Delivery shall be by hand, or by certified or registered mail, return receipt requested. In no event shall the public announcement of an adjournment of any annual or special meeting commence a new time period for giving of a stockholder notice as described above. A stockholder's notice to the Secretary shall set forth (x) as to each person whom the stockholder proposes to nominate for election or re-election as a director: (1) the name, age, business address and residence address of such person, (2) the principal occupation or employment of such person, (3) the class and number of shares of stock of the Corporation which are beneficially owned by such person (for the purposes of the regulations under Sections 13 and 14 of the U.S. Securities Exchange Act of 1934, as amended), (4) any other information relating to such person that would be required to be disclosed in solicitations of proxies for the election of such person as a director of the Corporation pursuant to Regulation 14A under the U.S. Securities Exchange Act of 1934, as amended, had the nominee been nominated by the

Board of Directors, and (5) such person's written consent to being named in any proxy statement as a nominee and to serving as a director if elected; and (y) as to the stockholder giving notice: (1) the name and address, as they appear on the Corporation's records, of such stockholder, (2) the class and number of shares of stock of the Corporation which are beneficially owned by such stockholder (determined as provided in clause (x)(3) above), (3) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote on the election of directors at such meeting and that such stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, and (4) a description of all agreements, arrangements or understandings between the stockholder and each nominee of the stockholder and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder. At the request of the Board of Directors any person nominated by the Board of Directors for election as a director shall furnish to the Secretary that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. The chairman of the meeting at which a stockholder nomination is presented shall, if the facts warrant, determine and declare to the meeting that such nomination was not made in accordance with the procedures prescribed by this paragraph (b), and, in such event, the defective nomination shall be disregarded.

SECTION 4. REGULAR MEETINGS. A regular meeting of the board of directors shall be held, without other notice than this By-law, immediately after the annual meeting of stockholders, for the purpose of organizing the Board of Directors, electing officers and transacting any other business that may properly come before such meeting. The board of directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

SECTION 5. SPECIAL MEETINGS. Special meetings of the board of directors may be called by or at the request of the Chairman of the Board, or the Chief Executive Officer or the Secretary of the Corporation or by a majority of the Board of Directors. The purpose or purposes of a special meeting need not be stated in the notice. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the board of directors called by them.

SECTION 6. NOTICE. Notice of any special meeting shall be given at least five (5) days previous thereto by written notice to each director at his business address.

SECTION 7. QUORUM. A majority of the board of directors shall constitute a quorum for transaction of business at any meeting of the board of directors and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or the Certificate of Incorporation, provided that if less than a majority of such number of directors are present at said meeting, a majority of the directors present may adjourn the meeting at any time. When a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting

at which the adjournment is taken. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting.

SECTION 8. MANNER OF ACTING; ORGANIZATION; PLACE OF MEETINGS. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Certificate of Incorporation or these By-laws. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his or her absence, by a chairman chosen at the meeting. The Secretary shall act as secretary of each such meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware.

SECTION 9. RECORDS. The Board of Directors shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board of Directors and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

SECTION 10. RELIANCE UPON RECORDS. Every director, and every member of any committee of the Board of Directors, shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors, or by any other person as to matters the director or member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, including, but not limited to, such records, information, opinions, reports or statements as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid, or with which the Corporation's capital stock might properly be purchased or redeemed.

SECTION 11. VACANCIES. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by a majority of the directors then in office although less than a quorum, or by a plurality of the votes cast in the election of directors at a meeting of stockholders, and each director so chosen shall hold office until the next annual meeting of stockholders and until his or her successor is elected and qualified, or until his or her earlier removal, resignation, death or incapacity.

SECTION 12. REMOVAL OR RESIGNATION.

(a) Except as otherwise provided by law or the Certificate of Incorporation, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

(b) Any director may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board, or the Secretary of the Corporation. Unless otherwise specified in such written notice, a resignation shall take effect on delivery thereof to the Board of

Directors or the designated officer. It shall not be necessary for a resignation to be accepted before it becomes effective.

SECTION 13. ACTION BY WRITTEN CONSENT OF DIRECTORS. Any action required to be taken at a meeting of the Board of Directors or any other action which may be taken at a meeting of the Board of Directors or a committee thereof, may be taken without a meeting if a consent in writing (which may be in counterparts) or by electronic transmission, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof, or by all the members of such committee, as the case may be.

The consent shall be evidenced by one or more written or electronic transmission approvals, each of which sets forth the action taken and bears the signature of one or more directors. All the approvals evidencing the consent shall be delivered to the Secretary to be filed in the corporate records. The action taken shall be effective when all the directors have approved the consent unless the consent specifies a different effective date.

SECTION 14. COMPENSATION. The Board of Directors shall have the authority to fix the compensation of directors on such basis as is determined by the Board of Directors, and to authorize reimbursement of directors for expenses, if any, of attendance at each meeting of the board of directors or of a committee. Any director receiving compensation under these provisions shall not be barred from serving the Corporation in any other capacity and receiving compensation and reimbursement of expenses for such services.

SECTION 15. INTERESTED DIRECTORS. A director who is directly or indirectly a party to a contract or transaction with the Corporation, or is a director or officer of or has a financial interest in any other corporation, partnership, association or other organization which is a party to a contract or transaction with the Corporation, may be counted in determining whether a quorum is present at any meeting of the Board of Directors or a committee thereof at which such contract or transaction is considered or authorized, and such director may participate in such meeting and vote on such authorization to the extent permitted by applicable law, including Section 144 of the General Corporation Law of the State of Delaware.

SECTION 16. ATTENDANCE BY CONFERENCE TELEPHONE. Members of the Board of Directors or of any committee of the Board of Directors may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

ARTICLE IV

COMMITTEES

SECTION 1. FORMATION OF COMMITTEES. The Board of Directors may create one or more committees, including, without limitation, audit, compensation and nominating committees, as it may determine and appoint members of the Board of Directors to

serve on the committee or committees. Each committee shall have two or more members who shall serve at the pleasure of the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

SECTION 2. POWERS OF COMMITTEES. Any such committee, to the extent permitted by law and provided in these By-laws, in the resolution of the Board of Directors designating such committee or in the charter of such committee, or an amendment to such resolution or charter, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation.

SECTION 3. QUORUM; COMMITTEE ACTIONS. Unless the appointment by the Board of Directors requires a greater number, a majority of any committee shall constitute a quorum and a majority of a quorum is necessary for committee action. Subject to action of the Board of Directors, the committee by majority vote of its members shall determine the time and place of meetings and the notice required for meetings.

SECTION 4. COMMITTEE RULES. Unless the Board of Directors otherwise provides or as otherwise specified in the charter of such committee, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article III of these By-laws.

SECTION 5. COMPENSATION OF COMMITTEE MEMBERS. Members of any committee shall be entitled to such compensation for their services as members of the committee and to such reimbursement for any reasonable expenses incurred in attending committee meetings as may from time to time be fixed by the Board of Directors. Any committee member receiving compensation under these provisions shall not be barred from serving the Corporation in any other capacity and from receiving compensation and reimbursement of expenses for such other services.

ARTICLE V

NOTICES

SECTION 1. FORM AND DELIVERY. Whenever a provision of any law, the Certificate of Incorporation, or these By-laws requires that notice be given to any director or stockholder, it shall not be construed to require personal notice unless so specifically provided, but such notice may be given in writing, by mail addressed to the address of the director or stockholder as it appears on the records of the Corporation, with postage prepaid. Notices shall be deemed to be given when they are deposited in the United States mail. Notice to a director may also be given personally or by electronic transmission sent to his address as it appears on the records of the Corporation.

SECTION 2. WAIVER. Whenever any notice is required to be given under the provisions of the Certificate of Incorporation, these By-laws or under applicable law, a waiver thereof in writing or by electronic transmission, signed or, in the case of an electronic transmission, authorized, by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute waiver of notice thereof unless the person at the meeting objects at the beginning of the meeting to the holding of the meeting because proper notice was not given. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate or these bylaws.

ARTICLE VI

OFFICERS

SECTION 1. NUMBER; AUTHORITY. The officers of the Corporation shall be chosen by the Board of Directors and shall at a minimum include a President and a Secretary. The Board of Directors may also elect a Chairman of the Board, one or more vice presidents, a treasurer, one or more assistant secretaries or assistant treasurers and such other officers and agents as it shall deem appropriate. Any two or more offices may be held by the same person. The Board of Directors may appoint, or empower the Chief Executive Officer to appoint, such other officers and agents as the business of the Corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these By-laws or as the Board of Directors may from time to time determine.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Corporation shall be elected annually by the Board of Directors, or at such other time as the Board of Directors shall deem appropriate. Each officer shall hold office until his or her successor shall have been duly elected and qualified, or until his or her earlier resignation or removal.

SECTION 3. RESIGNATION; REMOVAL; VACANCIES. Any officer may resign at any time by giving written notice to the Chairman of the Board, the Chief Executive Officer or the Secretary of the Corporation. Unless otherwise stated in a notice of resignation, it shall take effect when received by the officer to whom it is directed, without any need for its acceptance. The Board of Directors may remove any officer with or without cause at any time. A vacancy occurring in any office of the Corporation may be filled for the unexpired portion of the term thereof by the Board of Directors at any regular or special meeting.

SECTION 4. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors shall preside at all meetings of the stockholders and directors at which he is present. Except as otherwise expressly delegated by the Board of Directors or by these By-laws to other officers or agents of the corporation, the Chairman of the Board may execute, file, certify or acknowledge, any documents, instruments, agreements, certificates, or reports, required or permitted to be executed, filed, certified, or acknowledged by the president. The Chairman of the Board shall have such other powers and duties as may from time to time be prescribed by the By-laws or by resolutions of the Board of Directors.

SECTION 5. PRESIDENT. Unless the Board of Directors shall designate another person as Chief Executive Officer, the President shall be the Chief Executive Officer of the Corporation. Subject to the direction and control of the Board of Directors, he or she shall be in charge of the business of the Corporation; shall see that the resolutions and directions of the Board of Directors are carried into effect except in those instances in which that responsibility is specifically assigned to some other person by the Board of Directors; and, in general, shall discharge all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the board of directors or these By-laws, the President may execute for the Corporation certificates for its shares, and any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed. He or she may vote all securities which the Corporation is entitled to vote except to the extent such authority shall be vested in a different officer or agent of the Corporation by the board of directors.

SECTION 6. VICE PRESIDENTS. The Vice President (or in the event there be more than one Vice President, each of the vice presidents) shall assist the President in the discharge of his or her duties as the President may direct and shall perform such other duties as from time to time may be assigned by the President or the Board of Directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the Board of Directors or these By-laws, the Vice President (or each of them if there are more than one) may execute for the corporation certificates for its shares and any contracts, deeds, mortgages, bonds or other instruments which the board of directors has authorized to be executed.

SECTION 7. TREASURER. The Treasurer shall be the principal accounting and financial officer of the Corporation. He or she shall: (a) have charge of and be responsible for the maintenance of adequate books of account for the corporation; (b) have charge and custody of all funds and securities of the Corporation, and be responsible therefor and for the receipt and disbursement thereof; and (c) perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Chief Executive Officer or by the Board of Directors.

SECTION 8. SECRETARY. The Secretary shall: (a) record the minutes of meetings of the stockholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-laws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) sign with the President, or a Vice President, or any other officer authorized by the board of directors, certificates for shares of the Corporation, and any contracts, deeds, mortgages, bonds, or other instruments which the Board of Directors has authorized to be executed; (e) have authority to certify the By-laws, resolutions of the stockholders and Board of Directors and committees thereof, and other documents of the Corporation as true and correct copies thereof; and (f) perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Chief Executive Officer or by the Board of Directors.

SECTION 9. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. The assistant treasurers and assistant secretaries shall perform such duties as shall be assigned to them by the Treasurer or the Secretary, respectively, or by the Chief Executive Officer or the Board of Directors. The assistant secretaries may sign with the President, or a Vice President, or any other officer thereunto authorized by the Board of Directors, certificates for shares of the corporation, the issue of which shall have been authorized by the board of directors, and any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed, except when a different mode of execution is expressly prescribed by the board of directors or these By-laws.

SECTION 10. COMPENSATION. Compensation of the officers shall be fixed from time to time by the Board of Directors.

ARTICLE VII

INDEMNIFICATION

The Corporation shall, to the fullest extent permitted by the General Corporation Law of the State of Delaware, indemnify any person made or threatened to be made a party to any action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other entity, against all expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action or proceeding.

ARTICLE VIII

AFFILIATED TRANSACTIONS AND INTERESTED DIRECTORS

SECTION 1. AFFILIATED TRANSACTIONS. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction or solely because his or their votes are counted for such purpose if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by the vote of the stockholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved, or ratified by the Board of Directors, a committee thereof or the stockholders.

SECTION 2. DETERMINING QUORUM. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee thereof which authorizes the contract or transaction.

ARTICLE IX

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form as may be determined by the Board of Directors. Such certificates shall be signed by the President or a Vice President and by the Secretary or an assistant secretary and shall be sealed with the seal of the Corporation. All certificates for shares shall be consecutively numbered. The name of the person owning the shares represented thereby with the number of shares and date of issue shall be entered on the books of the Corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

SECTION 2. TRANSFERS OF SHARES. Transfers of shares of the Corporation shall be made only on the books of the Corporation by the registered holder thereof or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed the owner thereof.

SECTION 3. NEW CERTIFICATES; LOST CERTIFICATES. Except as provided in this Section 3, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. DISTIBRUTIONS. The Board of Directors of the corporation may authorize, and the Corporation may make, dividends and distributions to its stockholders subject to any restrictions in the Certificate of Incorporation or as provided by law.

SECTION 2. RESERVES. The Board of Directors shall have full power, subject to the provisions of law and the Certificate of Incorporation, to determine whether any, and, if so, what part, of the funds legally available for the payment of dividends shall be declared as dividends and paid to the stockholders of the Corporation. The Board of Directors, in its sole discretion, may fix a sum that may be set aside or reserved over and above the paid-in capital of the Corporation as a reserve for any proper purpose, and may, from time to time, increase, diminish, or vary such amount.

SECTION 3. FISCAL YEAR. Unless the Board of Directors shall determine otherwise, the fiscal year of the Corporation shall be the 52 or 53 week period ending on the last Friday of March.

SECTION 4. SEAL. The corporate seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE XI

AMENDMENTS

These By-laws of the Corporation may be altered, amended or repealed by the stockholders or the Board of Directors, provided that notice of the proposed change was given in the notice of the meeting and, in the case of a meeting of the Board of Directors, in a notice given not less than two (2) days prior to the meeting; provided, however, that, in the case of amendments by the Board of Directors, notwithstanding any other provisions of these By-laws or any provision of law which might otherwise permit a lesser vote or no vote, the affirmative vote of a majority of the members of the Board of Directors shall be required to alter, amend or repeal any provision of these By-laws.

EXHIBIT 10.1

ALLEGRO MICROSYSTEMS, INC.

2001 STOCK OPTION PLAN

1. PURPOSES OF PLAN. The purposes of the Allegro MicroSystems, Inc. 2001 Incentive and Non-Qualified Stock Option Plan (the "Plan") are to provide to employees of and consultants to Allegro MicroSystems, Inc., (the "Corporation"), as well as employees of or consultants to subsidiary corporations which may currently exist or be formed or acquired in the future, an opportunity for investment in the Corporation's common stock (the "Shares"), as an inducement for such individuals to remain with the Corporation, and to encourage them to increase their efforts to make the Corporation's business more successful.

2. EFFECTIVE DATE AND TERMINATION OF PLAN. The effective date of the Plan is May 30, 2001, the date on which the Plan was adopted by the Board of Directors of the Corporation (the "Board"). The Plan shall terminate on, and no option shall be granted hereunder, after May 29, 2011; provided, however, that the Board may at any time prior to that date terminate the Plan; and provided further that any option granted hereunder prior to the termination of the Plan shall remain exercisable in accordance with its terms as then in effect.

3. ADMINISTRATION OF PLAN. The Plan shall be administered by the Board. The Board may, however, to the extent permissible under the Corporation's Certificate of Incorporation, By-laws and applicable law, delegate any of its functions under this Plan to a committee of the Board or any other committee. Wherever in this Plan the term "Board of Directors" or "Board" is used it shall be construed to mean such committee to the extent, if any, that the Board has delegated its functions to such committee. The acts of a majority of the members present at any meeting of the Board at which a quorum is present, or acts approved in writing by a majority of the entire Board, shall be the acts of the Board for purposes of the Plan. The Board in its discretion may do all things necessary to administer and interpret the Plan, such actions of the Board to be conclusive and binding on all persons. The Board may make such rules and regulations and establish such procedures for the administration of the Plan as it deems appropriate.

4. ELIGIBILITY AND GRANT OF OPTIONS. Subject to the provisions of the Plan, the Board shall (i) authorize the granting of incentive stock options (as that term is defined in the Internal Revenue Code of 1986, as amended (the "Code")), non-qualified stock options, or a combination of incentive stock options and non-qualified stock options (hereinafter collectively referred to as "options" unless otherwise stated); (ii) determine and designate from time to time those employees of and consultants to the Corporation or any of its subsidiaries to whom options are to be granted; (iii) determine the number of Shares subject to each option; and (iv) determine the time or times when and the manner in which each option shall be exercisable, the duration of the exercise period, and other terms of the option. Only employees of the Corporation and its subsidiary corporations (as defined in Section 424(f) of the Code) shall be eligible to be awarded incentive stock options under the Plan. In determining the eligibility of an individual to receive an option, as well as in determining the number of Shares to be optioned to any individual, the Board shall consider the position and responsibilities of the employee or consultant, the nature and value to the Corporation or subsidiary of his or her services and accomplishments, his or her present and potential contribution to the success of the Corporation or subsidiary, and such other factors as the Board may deem relevant. A Director shall abstain from voting on the grant of any options to himself or herself or to his or her spouse, children, grandchildren or parents. The grant of each option shall be confirmed by a stock option agreement in a form prescribed by the Board (the "Stock Option Agreement") which shall be executed by the Corporation and the optionee as promptly as practicable after such grant. More than one option may be granted to an individual.

Each option granted pursuant to the Plan shall be presumed to provide by its terms that it is to be treated as a non-qualified stock option unless, at the date of grant, it is expressly designated as an incentive stock option in the Stock Option Agreement.

5. NUMBER OF SHARES SUBJECT TO OPTIONS. Subject to adjustment as provided in paragraph 20, the aggregate number of Shares that may be delivered upon the exercise of options granted under the Plan shall be 3,750,000. No fractional Shares shall be delivered under the Plan. Shares as to which an option granted under the Plan shall remain unexercised at the expiration or termination thereof, and Shares subject to options which are cancelled, may be the subject of the grant of further options.

6. OPTION PRICE. The option price per Share shall be determined in each case by the Board and shall not be less than one hundred percent (100%) of the fair market value thereof as determined by the Board by any reasonable method on the date the option is granted. In the case of an incentive stock option granted to a ten percent (10%) shareholder, the option price per Share shall be determined by the Board and shall not be less than one hundred ten percent (110%) of the fair market value thereof, as determined by the Board by any reasonable method on the date the option is granted.

7. VESTING AND EXERCISABILITY. Options granted to a participant shall vest and be exercisable as follows:

Except as otherwise provided in the Plan, each option shall be unvested and unexercisable until the fifth anniversary of the date of grant and shall become 100% vested and exercisable on such fifth anniversary; provided that, upon an initial public offering of the Corporation's stock, the portion of any outstanding option that is then unvested (or, if vested, unexercisable) shall become 100% vested and exercisable.

Notwithstanding the foregoing, the Board or its designees shall have the right to grant options with any vesting and exercisability schedules, including immediate vesting and exercisability, and in the case of an option not immediately vested and exercisable, may accelerate vesting and/or exercisability at any time.

8. OPTION TERM. The latest date on which an option may be exercised (the "Final Exercise Date") shall, unless an earlier date is specified by the Board, be the date that is ten (10) years after the date of grant or, in the case of an incentive stock option granted to a ten percent (10%) shareholder, five (5) years after the date of grant. Except as otherwise provided below, an option may be exercised only by the employee or consultant to whom it was granted and, subject to the rules set forth below, only if, at all times during the period beginning on the date of the grant of such option and ending with the date of exercise of such option, the optionee is an employee of or consultant to the Corporation or a subsidiary of the Corporation.

(a) Death, Disability, Involuntary Termination, or Retirement. Except as otherwise provided by the Board, in the case of an optionee whose employment (including in the term "employment," for purposes of this paragraph 8, the independent contractor service relationship of a non-employee consultant) with the Corporation and its subsidiaries terminates by reason of death, disability, involuntary termination, or retirement, (i) options that are exercisable but have not yet been exercised as of the date of termination of employment shall remain exercisable until the Final Exercise Date unless earlier exercised or terminated pursuant to paragraph 11, and (ii) options that are unvested shall vest (but shall not thereby become exercisable) immediately prior to such termination.

An option that vests pursuant to clause (ii) of the preceding sentence shall become exercisable only pursuant to paragraph 7 above (or pursuant to paragraph 11, if applicable) and, once exercisable, shall remain exercisable until the Final Exercise Date unless earlier exercised or terminated pursuant to paragraph 11. In the case of the optionee's death occurring on or after the date of the termination of employment, the option, to the extent exercisable in accordance with the foregoing, shall be exercisable by the optionee's executor or administrator or by the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution (such person, persons, representative or representatives hereinafter referred to as "Successors of an Optionee").

(b) Voluntary Termination Prior to Retirement; Termination for Cause. Except as otherwise provided by the Board, in the case of an optionee who voluntarily terminates his or her employment with the Corporation and its subsidiaries prior to retirement, or of an optionee whose employment is terminated by the Corporation (or the subsidiary which employs the optionee) at any time for cause, all options which are unexercised (whether or not otherwise vested or exercisable) as of the date of termination of employment shall be forfeited immediately.

(c) Definitions. For purposes of the Plan, the following terms shall have the following meanings:

1. "cause" shall mean (i) any act of personal dishonesty taken by the optionee in connection with his or her responsibilities as an employee or consultant and intended to result in substantial personal enrichment of the optionee; (ii) the conviction of or a plea of nolo contendere with respect to a felony; (iii) a willful act by the optionee which constitutes gross misconduct and which is injurious to the Corporation or any subsidiary of the Corporation; or (iv) following delivery to the optionee of a written demand for performance from the Corporation (or the subsidiary which employs the optionee) which describes the basis for the Corporation's (or subsidiary's) belief that the optionee has not substantially performed his or her duties, continued violations by the optionee of the optionee's obligations to the Corporation (or the subsidiary) which are demonstrably willful and deliberate on the optionee's part;

2. "disability" shall mean total disability as defined in the Corporation's long-term disability plan;

3. "involuntary termination" shall mean a termination of employment by the Corporation (or the subsidiary which employs the optionee) without cause (as defined above). In addition, to the extent the Board at the time of grant so provides in the Stock Option Agreement, the term "involuntary termination" shall also include a termination of employment by the optionee after one or more of the following resulting from an action by the Corporation or its subsidiaries or by a successor employer following a transaction described in paragraph 11: (i) a significant reduction of the optionee's employment duties, authority or responsibilities, (ii) a substantial reduction without good business reasons, of the optionee's facilities and perquisites (including office space and location), (iii) a reduction of more than ten percent (10%) in the base salary of the optionee, (iv) a material reduction of the optionee's benefits, (v) the relocation of the optionee to a facility or a location more than thirty-five (35) miles from the optionee's then present location, or (vi) any act or set of facts or circumstances which would, under

Massachusetts case law or statute, constitute a constructive termination of the optionee; and

4. "retirement" shall mean a voluntary termination of employment on or after the optionee's attainment of age 62; provided that at the time of the termination the optionee has provided at least fifteen (15) continuous years of service to the Corporation, Sprague Electric Company, or any subsidiary of either the Corporation or Sprague Electric Company.

9. EXERCISE OF OPTIONS. An option that is exercisable may be exercised, and payment in full of the option price made, by an optionee only by written notice (in a form prescribed by the Board) to the Corporation specifying the number of Shares to be so purchased. Such notice shall state that the option price shall be paid in full in a manner acceptable to the Board, subject to the following:

(a) all payment will be by cash or check acceptable to the Board or,

(b) if so permitted by the Board at (in the case of a non-qualified stock option, at or after) the date of grant, through the delivery of Shares which have been outstanding for at least six months (unless the Board approves a shorter period) and which have a fair market value equal to the exercise price.

As soon as practicable after receipt by the Corporation of such notice and of payment in full of the option price of all the Shares with respect to which an option has been exercised, the Shares shall be delivered to the optionee or to the Successors of an Optionee.

10. NO RIGHTS TO CONTINUED EMPLOYMENT; NO RIGHTS AS SHAREHOLDER. Nothing in the Plan or in any option granted pursuant to the Plan shall confer on any individual any right to continue in the employ of the Corporation or any subsidiary or interfere in any way with the right of the Corporation or any subsidiary to terminate his or her employment at any time. Furthermore, the holder of an option granted under the Plan shall not have the rights of a shareholder with respect to such option except as to Shares actually transferred to the option holder upon exercise of the option.

11. MERGER, ASSET SALE, AND CERTAIN OTHER TRANSACTIONS. In the event of a covered transaction in which there is an acquiring or surviving entity (the "Successor Company"), outstanding options may be assumed or substantially equivalent options may be substituted by the Successor Company or a parent or subsidiary thereof. A substitute award shall not be considered "substantially equivalent" unless, among other things, it preserves the intrinsic value of the original option (as reasonably determined by the Board) and provides for vesting and exercisability (including duration of the option) on terms that are not less favorable to the optionee or Successors of an Optionee, as the case may be, than the provisions relating to vesting and exercisability (including duration of the option) contained in the original option.

If the Successor Company does not assume an outstanding option or substitute for it a substantially equivalent option, the option shall become fully vested and exercisable, including as to Shares for which it would not otherwise be exercisable immediately prior to the covered transaction. In such event the option shall become fully vested and exercisable, prior to the consummation of the covered transaction, on such terms (including the effective date of the acceleration of vesting and exercisability) as the Board shall reasonably determine to enable the

holder of the option, upon exercise, to participate in the covered transaction as a shareholder. Upon the consummation of the covered transaction the option shall terminate.

For the purposes of the Plan, the term "covered transaction" shall mean any of (i) a consolidation, merger or other transaction in which the Corporation is not the surviving corporation or which results in the acquisition of all or substantially all of the Corporation's then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, (ii) a sale or transfer of all or substantially all the Corporation's assets, or (iii) a dissolution or liquidation of the Corporation.

12. TAX WITHHOLDING. As a condition to the exercise of any option awarded under the Plan, the optionee shall (i) remit to the Corporation (or the subsidiary which employs the optionee), in cash, an amount sufficient to satisfy any federal, state, or local withholding tax requirements arising by reason of such exercise or make other arrangements satisfactory to the Corporation (or the subsidiary which employs the optionee) with regard to such taxes, and (ii) in the case of an incentive stock option, agree to inform the Corporation (or the subsidiary which employs the optionee) promptly of any disposition (within the meaning of Section 424(c) of the Code and the regulations thereunder) of Shares received upon exercise and, unless the Board otherwise determines, to give such security as the Board deems adequate to meet the potential liability of the Corporation (or subsidiary which employs the optionee) for the withholding of tax with respect to the later disposition of such Shares and to augment such security from time to time in any amount reasonably deemed necessary by the Board to preserve the adequacy of such security. If permitted by the Board, either at the time of the grant of the option or the time of exercise, the optionee may elect, at such time and in such manner as the Board may prescribe, to satisfy any withholding obligation by delivering to the Corporation Shares having a fair market value equal to such withholding obligation or by requesting that the Corporation withhold from the Shares to be delivered upon the exercise a number of Shares having a fair market value equal to such withholding obligations; provided, that no more than the minimum withholding required by law may be satisfied by the use of Shares as provided in this sentence.

13. EXERCISE BY SUCCESSORS AND PAYMENT IN FULL. Notwithstanding anything herein to the contrary, the Corporation shall be under no obligation to deliver Shares pursuant to an exercise by a Successor Optionee until the Corporation is satisfied as to the authority of the person or persons exercising the option.

14. NON-TRANSFERABILITY OF OPTION. Each incentive stock option, and, except as otherwise determined by the Board and set forth in the Stock Option Agreement, each non-qualified stock option granted under the Plan, shall by its terms be nontransferable by the optionee except by will or the laws of descent and distribution. If the Board makes a non-qualified stock option transferable, such option shall contain such additional terms and conditions, as the Board deems appropriate.

15. OTHER TERMS OF OPTION. Options granted pursuant to the Plan shall contain such terms, provisions, and conditions not inconsistent herewith as shall be determined by the Board.

16. REGISTRATION OF CERTIFICATES. Certificates representing Shares may be registered either in the name of the optionee or in the name or names of the Successors of an Optionee.

17. LISTING AND REGISTRATION OF SHARES. The delivery of Shares upon exercise of an option shall be subject to compliance with (i) applicable federal and state laws and regulations, (ii) if the outstanding Shares are at the time of delivery listed on any stock exchange, the listing

requirements of such exchange, and (iii) Corporation's counsel's approval of all other legal matters in connection with the issue and delivery of such Shares. If at any time the Board shall determine, in its discretion, that the listing, registration, or qualification of any of the Shares subject to options under the Plan upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of or in connection with the granting of options or the purchase or issue of Shares thereunder, no further options may be granted and outstanding options may not be exercised in whole or in part unless and until such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The Board shall have the authority to cause the Corporation at its expense to take any action related to the Plan which may be required in connection with such listing, registration, qualification, consent, or approval. The Board may require that any person exercising an option hereunder shall make such representations and agreements and furnish such information as it deems appropriate to assure compliance with the foregoing or any other applicable legal requirement.

18. AMENDMENT. The Board may amend this Plan or any outstanding option for any purpose which may at the time be permitted by law; provided that, no such amendment shall adversely affect the rights of an optionee under any existing Stock Option Agreement without the consent of such optionee. In addition, no amendment may, without approval of the shareholders of the Corporation within twelve months before or after the date on which such amendment was adopted, (a) increase the total number of Shares which may be made subject of options granted under the Plan (subject to paragraph 20 below), (b) change the manner of determining the option price, (c) change the criteria of determining which employees are eligible to receive options, (d) extend the period during which options may be granted or exercised, or (e) withdraw the administration of the Plan from the Board.

19. INDEMNIFICATION AND EXCULPATION.

(a) To the fullest extent permitted by applicable law, each person who is or shall have been a member of the Board shall be indemnified and held harmless by the Corporation against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in his or her capacity as a member of the Board and in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be or become a party or in which he or she may be or become involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof (with the Corporation's written approval) or paid by him or her in satisfaction of a judgment in any such action, suit, or proceeding, except a judgment in favor of the Corporation based upon a finding of his or her lack of good faith; subject, however, to the condition that upon the institution of any claim, action, suit, or proceeding against him or her, he or she shall in writing give the Corporation an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other right to which such person may be entitled as a matter of law or otherwise, or any power that the Corporation may have to indemnify him or her or hold him or her harmless.

(b) Each member of the Board, and each officer and employee of the Corporation shall be fully justified in relying or acting in good faith upon any information furnished in connection with the administration of the Plan by any appropriate person or persons other than himself/herself. To the fullest extent permitted by applicable law, in no event shall any person who is or shall have been a member of the Board, or an officer or employee of

the Corporation be held liable for any determination made or other action taken or any omission to act in reliance upon any such information, or for any action (including the furnishing of information) taken or any failure to act, if taken or omitted in good faith.

20. CHANGES IN CAPITAL STRUCTURE. In the event of a stock dividend, stock split or combination of shares, recapitalization or other change in the Corporation's capital structure, the Board will make appropriate adjustments to the maximum number of shares that may be delivered under the Plan, and will also make appropriate adjustments to the number and kind of shares of stock or securities subject to options then outstanding or subsequently granted, any exercise prices relating to options and any other provision of options affected by such change. The Board may also make adjustments of the type described in the preceding sentence to take into account distributions to common stockholders other than those provided for in paragraph 11 or the preceding sentence, or in any other event, if the Board determines that adjustments are appropriate to avoid distortion in the operation of the Plan and to preserve the value of options made hereunder.

21. NOTICES. All notices under the Plan shall be in writing, and if to the Corporation, shall be delivered to the Treasurer of the Corporation or mailed to the Corporation's principal office, addressed to the attention of the Treasurer; and if to the optionee, shall be delivered personally or mailed to the optionee at the address appearing in the records of the Corporation (or a subsidiary). Such addresses may be changed at any time by written notice to the other party.

22. CORPORATION'S OPTION. The Corporation shall have, in addition to any rights it may have under paragraph 23 below, the right, but not the obligation, to purchase from any optionee (or his or her successor, assignee or transferee) Shares issued upon the exercise of options granted hereunder (the "Call Option").

(a) Exercise of the Call Option. The Company may exercise the Call Option by delivery of written notice to the optionee, which notice shall state the number of Shares to be purchased, the exercise price per Share (subject to subparagraph (b) below), and the payment method (subject to subparagraph (c) below).

(b) Exercise Price. The exercise price per Share of the Call Option shall be equal to the fair market value of such Share at the time of exercise, as determined by the Corporation in good faith.

(c) Payment. The payment election shall be, at the election of the Corporation, by cash (including by check), by a cancellation of any outstanding indebtedness of the optionee to the Corporation, or by a combination thereof.

(d) Termination of Call Option. This Call Option shall terminate at the completion of an initial public offering of the Corporation's stock or upon the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquiror or surviving entity or of an affiliate thereof that are part of a class of securities that are publicly traded.

23. CORPORATION'S RIGHT OF FIRST REFUSAL

Before any Shares held by optionee (or a successor, assignee or transferee, any such person being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including transfer by gift or operation of law), the Corporation shall have a right of first refusal to purchase

the Shares on the terms and conditions set forth in this paragraph 23 (the "Right of First Refusal"). Any attempt to sell, transfer, or hypothecate Shares prior to an initial public offering without notice (as defined below) to the Corporation shall be null and void.

(a) Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Corporation a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares; (ii) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (iii) the number of Shares to be transferred to each Proposed Transferee; and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Corporation.

(b) Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Corporation may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price determined in accordance with subparagraph (c) below.

(c) Purchase Price. The purchase price ("Purchase Price") for the Shares purchased by the Corporation under this paragraph 23 shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board in good faith.

(d) Payment. Payment of the Purchase Price shall be made within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice, at the option of the Corporation, in cash (including by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Corporation, or by any combination thereof.

(e) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Corporation as provided in this paragraph 23, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated with one hundred and twenty (120) days after the date of the Notice and provided further that any such sale or other transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this paragraph 23 shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Corporation, and the Corporation shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Exception for Certain Transfers at Death or to Permitted Transferees. Anything to the contrary contained in this paragraph 23 notwithstanding, the transfer of any or all of the Shares during the optionee's lifetime or on the optionee's death by will or intestacy to the optionee's immediate family or a trust, family limited partnership, or similar entity for the benefit of the optionee's immediate family shall be exempt from the provisions of this paragraph 23. "Immediate Family" as used herein shall mean spouse, lineal descendant, father, mother, brother or sister. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this paragraph 23,

and there shall be no further transfer of such Shares except in accordance with the terms of this paragraph 23.

(g) Termination of Right of First Refusal. This Right of First Refusal shall terminate at the completion of an initial public offering of the Corporation's stock or upon the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquiror or surviving entity or of an affiliate thereof that are part of a class of securities that are publicly traded.

Optionee's Name: ((FIRST_NAME)) ((LAST_NAME))
Optionee's Address: ((STREET1)) ((STREET2)) ((STREET3))
((CITY)), ((STATE)) ((ZipCode))
((COUNTRY))

ALLEGRO MICROSYSTEMS, INC.

2001 STOCK OPTION PLAN

INCENTIVE STOCK OPTION AGREEMENT

Pursuant to this Stock Option Agreement, Allegro MicroSystems, Inc. (the "Corporation") grants to ((FIRST_NAME)) ((LAST_NAME)), an employee of the Corporation or its subsidiaries (the "Optionee"), an incentive stock option on the terms provided herein. Unless otherwise defined herein, all initially capitalized terms used herein shall have the meaning specified in the Allegro MicroSystems, Inc. 2001 Stock Option Plan (the "Plan").

I. Grant of Incentive Stock Option.

Effective ((Grant_Date)) (the "Date of Grant"), the Corporation hereby grants the Optionee an option (the "Option") to purchase, in whole or in part, on the terms provided herein, a total of ((Number_of_Options)) shares of common stock of the Corporation (the "Shares") at an exercise price per Share equal to ((GRANT_PRICE)) (the "Exercise Price"), which is not less than the fair market value of the Shares on the Date of Grant. The Final Exercise Date (as that term is defined in the Plan) is ((ExpirationDate)). It is intended that the Option shall be, to the maximum extent possible consistent with section 422 of the Internal Revenue Code of 1986 (as from time to time amended, the "Code"), an incentive stock option as defined in section 422 of the Code.

II. Vesting and Exercisability.

The Option shall become vested and shall be exercisable in accordance with the following rules:

A. Except as hereinafter provided, the Option shall become vested and exercisable only upon the earlier to occur of (i) the fifth (5th) anniversary of the Date of Grant or (ii) an initial public offering of the common stock of the Corporation, and prior thereto shall be neither vested nor exercisable.

B. Upon termination of the Optionee's employment with the Corporation and its subsidiaries by reason of death, disability, involuntary termination (other than for cause), or retirement, any portion of the Option that is then outstanding but unvested shall become fully vested immediately prior to such termination of employment. Any portion of the Option that becomes vested by application of the immediately preceding sentence shall, notwithstanding such accelerated vesting, become exercisable only in accordance with subparagraph A. above. The terms "disability" and "retirement" shall have the meanings specified in the Plan.

C. Once exercisable, the Option shall remain exercisable until the Final Exercise Date, subject to possible earlier termination pursuant to paragraph 11 of the Plan or to forfeiture pursuant to Paragraph III of this Stock Option Agreement.

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D. For purposes of the Paragraph II, "involuntary termination (other than for cause)" shall mean a termination of employment by the Corporation and its subsidiaries without cause (as defined in the Plan), or a termination of employment by the Optionee after one or more of the following resulting from an action by the Corporation or its subsidiaries or by a successor employer following a covered transaction (as defined in the Plan): (i) a significant reduction of the Optionee's employment duties, authority or responsibilities, (ii) a substantial reduction, without good business reasons, of the Optionee's facilities and perquisites (including office space and location), (iii) a reduction of more than ten percent (10%) in the base salary of the Optionee, (iv) a material reduction of the Optionee's benefits, (v) the relocation of the Optionee to a facility or a location more than thirty-five (35) miles from the Optionee's then present location, or (vi) any act or set of facts or circumstances which would, under Massachusetts case law or statute, constitute a constructive termination of the Optionee.

III. Forfeiture.

In the event that the Optionee voluntarily terminates his or her employment with the Corporation and its subsidiaries prior to retirement (as defined in the Plan), or the Corporation and its subsidiaries terminates the Optionee's employment at any time for cause (as defined in the Plan), any then outstanding portions of the Option shall be immediately forfeited.

IV. Exercise of Option.

1. Method of Exercise. The Option, to the extent exercisable, may be exercised through the Final Exercise Date only in accordance with the provisions of the Plan and this Stock Option Agreement. The Optionee (or, following the death of the Optionee, the Successor Optionee) may elect to exercise the Option by delivering to the Corporation's Human Resources Department a written exercise notice in the form to be provided by the Corporation's Human Resources Department (the "Exercise Notice"). The Exercise Notice shall be signed by the Optionee (or, following the death of the Optionee, the Successor Optionee), state the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and include such other representations and agreements as may be required by the Corporation pursuant to the provisions of the Plan. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. In the event that the Option is exercised by a Successor Optionee, the Corporation shall have no obligation to deliver Shares hereunder unless and until it is satisfied as to the authority of the person or persons exercising the Option. No Shares shall be issued or delivered pursuant to the exercise of the Option unless such issuance and exercise complies with all applicable laws.

2. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee.

(a) cash;

(b) check acceptable to the Board of Directors ("the Board") of the Corporation; or

(c) through the deliver of Shares which have been outstanding for at least six months and which on a per Exercised Share basis have a fair market value equal to the Exercise Price.

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V. Notice of Disposition.

The person exercising the Option shall notify the Corporation when making any disposition of the Shares acquired upon exercise of the Option, whether by sale, gift, or otherwise.

VI. Tax Withholding.

As a condition to the exercise of the Option, the Optionee shall (i) remit to the Corporation or to such other person as the Corporation may designate, in cash, an amount sufficient to satisfy any federal, state, or local withholding tax requirements arising by reason of such exercise or make other arrangements satisfactory to the Corporation with respect to such taxes, and (ii) give such security, if any, as the Board deems adequate to meet any potential liability of the Corporation and its subsidiaries for the withholding of tax with respect to the later disposition of such Shares and to augment such security from time to time in any amount reasonably deemed necessary by the Board to preserve the adequacy of such security. To the extent permitted by the Board, the Optionee may elect, at such time and in such manner as the Board may prescribe, to satisfy any withholding obligation by delivering to the Corporation Shares having a fair market value equal to such withholding obligation or by requesting that the Corporation withhold from the Shares to be delivered upon the exercise a number of Shares having a fair market value equal to such withholding obligations; provided, that no more than the minimum withholding required by law may be satisfied by the use of Shares as provided in this sentence.

VII. Non-Transferability of Option.

The Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

VIII. Restrictions on Transfer of Shares.

Optionee agrees not to sell, transfer or otherwise dispose of any Shares acquired upon exercise of the Option during the period beginning upon the effective date of a registration statement under the Securities Act of 1933, as amended, restating to a firm commitment underwritten public offering of the Shares and ending on the date specified by the representative of the underwriters of such offering, such period not to exceed 180 days.

IX. Corporation's Right to Repurchase Shares.

Until the completion of an initial public offering of the Shares or the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquirer or surviving entity or of an affiliate thereof that are part of a class of securities that are publicly traded, the Corporation will have the right, but not the obligation, to purchase from the Optionee any Shares issued on the exercise of the Option on the terms and conditions set forth in paragraph 22 of the Plan.

X. Corporation's Right of First Refusal.

Until the completion of an initial public offering of the Shares or the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquirer or surviving entity or of an affiliate thereof that are part of a class

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of securities that are publicly traded, the Corporation shall have a right of first refusal to purchase any Shares acquired upon exercise of this Option on the terms and conditions set forth in paragraph 23 of the Plan.

XI. Entire Agreement; Governing Law.

The Plan is incorporated herein by reference. The Plan and this Stock Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Corporation and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Corporation and Optionee. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of Massachusetts.

XII. No Guarantee of Continued Service.

Optionee acknowledges and agrees that this Stock Option Agreement, the transactions contemplated hereunder and the vesting and exercisability provisions set forth herein do not constitute an express or implied promise of employment for any period or at all and shall not interfere with Optionee's right or the Corporation's right to terminate Optionee's employment at any time, with or without cause.

IN WITNESS WHEREOF, the Optionee and the Corporation have caused this instrument to be executed ((Grant_Date)). The Corporation has caused this instrument to be executed by a duly authorized officer.

By signature of the Optionee and the signature of the Corporation's officer below, the Optionee and the Corporation agree that each has received a copy of the Plan, that each has had an opportunity to read the Plan prior to entering into this Stock Option Agreement, and that the Option is granted under and governed by the terms and conditions of the Plan and this Stock Option Agreement. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions relating to the Plan and this Stock Option Agreement. Optionee further agrees to notify the Corporation upon any change in the address indicated below.

OPTIONEE	ALLEGRO MICROSYSTEMS, INC.
- ----------	----------
((FIRST_NAME)) ((LAST_NAME))	Marybeth Perry
((STREET1)) ((STREET2)) ((STREET3))	Vice President of Human Resources
((CITY)), ((STATE)) ((ZipCode))	
((COUNTRY))	

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Optionee's Name: ((FirstName)) ((LastName))
Optionee's Address: ((Address1)) ((Address2))
((Address3))
((City)), ((StateID)) ((Zip__))
((Country))

ALLEGRO MICROSYSTEMS, INC.

2001 STOCK OPTION PLAN

INCENTIVE STOCK OPTION AGREEMENT

Pursuant to this Stock Option Agreement, Allegro MicroSystems, Inc. (the "Corporation") grants to ((FirstName)) ((LastName)), an employee of the Corporation or its subsidiaries (the "Optionee"), an incentive stock option on the terms provided herein. Unless otherwise defined herein, all initially capitalized terms used herein shall have the meaning specified in the Allegro MicroSystems, Inc. 2001 Stock Option Plan (the "Plan").

I. Grant of Incentive Stock Option.

Effective ((Date_of_Grant)) (the "Date of Grant"), the Corporation hereby grants the Optionee an option ((the "Option") to purchase, in whole or in part, on the terms provided herein, a total of ((Number_of_Options)) shares of common stock of the Corporation (the "Shares") at an exercise price per Share equal to ((Exercise_Price)) (the "Exercise Price"), which is not less than the fair market value of the Shares on the Date of Grant. The Final Exercise Date (as that term is defined in the Plan) is ((Date_of_Expiration)). It is intended that the Option shall be, to the maximum extent possible consistent with section 422 of the Internal Revenue Code of 1986 (as from time to time amended, the "Code"), an incentive stock option as defined in section 422 of the Code.

II. Vesting and Exercisability.

The Option shall become vested and shall be exercisable in accordance with the following rules:

A. Except as hereinafter provided, the Option shall become vested and exercisable only upon the earlier to occur of (i) the fifth (5th) anniversary of the Date of Grant or (ii) an initial public offering of the common stock of the Corporation, and prior thereto shall be neither vested nor exercisable.

B. Upon termination of the Optionee's employment with the Corporation and its subsidiaries by reason of death, disability, involuntary termination (other than for cause), or retirement, any portion of the Option that is then outstanding but unvested shall become fully vested immediately prior to such termination of employment. Any portion of the Option that becomes vested by application of the immediately preceding sentence shall, notwithstanding such accelerated vesting, become exercisable only in accordance with subparagraph A. above. The terms "disability" and "retirement" shall have the meanings specified in the Plan.

C. Once exercisable, the Option shall remain exercisable until the Final Exercise Date, subject to possible earlier termination pursuant to paragraph 11 of the Plan or to forfeiture pursuant to Paragraph III of this Stock Option Agreement.

D. For purposes of the Paragraph II, "involuntary termination (other than for cause)" shall mean a termination of employment by the Corporation and its subsidiaries without cause (as defined in the Plan).

III. Forfeiture.

In the event that the Optionee voluntarily terminates his or her employment with the Corporation and its subsidiaries prior to retirement (as defined in the Plan), or the Corporation and its subsidiaries terminates the Optionee's employment at any time for cause (as defined in the Plan), any then outstanding portions of the Option shall be immediately forfeited.

IV. Exercise of Option.

1. Method of Exercise. The Option, to the extent exercisable, may be exercised through the Final Exercise Date only in accordance with the provisions of the Plan and this Stock Option Agreement. The Optionee (or, following the death of the Optionee, the Successor Optionee) may elect to exercise the Option by delivering to the Corporation's Human Resources Department a written exercise notice in the form to be provided by the Corporation's Human Resources Department (the "Exercise Notice"). The Exercise Notice shall be signed by the Optionee (or, following the death of the Optionee, the Successor Optionee), state the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and include such other representations and agreements as may be required by the Corporation pursuant to the provisions of the Plan. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. In the event that the Option is exercised by a Successor Optionee, the Corporation shall have no obligation to deliver Shares hereunder unless and until it is satisfied as to the authority of the person or persons exercising the Option. No Shares shall be issued or delivered pursuant to the exercise of the Option unless such issuance and exercise complies with all applicable laws.

2. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee.

(a) cash;

(b) check acceptable to the Board of Directors ("the Board") of the Corporation; or

(c) through the deliver of Shares which have been outstanding for at least six months and which on a per Exercised Share basis have a fair market value equal to the Exercise Price.

V. Notice of Disposition.

The person exercising the Option shall notify the Corporation when making any disposition of the Shares acquired upon exercise of the Option, whether by sale, gift, or otherwise.

VI. Tax Withholding.

As a condition to the exercise of the Option, the Optionee shall (i) remit to the Corporation or to such other person as the Corporation may designate, in cash, an amount sufficient to satisfy any federal, state, or local withholding tax requirements arising by reason of such exercise or make other

arrangements satisfactory to the Corporation with respect to such taxes, and (ii) give such security, if any, as the Board deems adequate to meet any potential liability of the Corporation and its subsidiaries for the withholding of tax with respect to the later disposition of such Shares and to augment such security from time to time in any amount reasonably deemed necessary by the Board to preserve the adequacy of such security. To the extent permitted by the Board, the Optionee may elect, at such time and in such manner as the Board may prescribe, to satisfy any withholding obligation by delivering to the Corporation Shares having a fair market value equal to such withholding obligation or by requesting that the Corporation withhold from the Shares to be delivered upon the exercise a number of Shares having a fair market value equal to such withholding obligations; provided, that no more than the minimum withholding required by law may be satisfied by the use of Shares as provided in this sentence.

VII. Non-Transferability of Option.

The Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

VIII. Restrictions on Transfer of Shares.

Optionee agrees not to sell, transfer or otherwise dispose of any Shares acquired upon exercise of the Option during the period beginning upon the effective date of a registration statement under the Securities Act of 1933, as amended, restating to a firm commitment underwritten public offering of the Shares and ending on the date specified by the representative of the underwriters of such offering, such period not to exceed 180 days.

IX. Corporation's Right to Repurchase Shares.

Until the completion of an initial public offering of the Shares or the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquirer or surviving entity or of an affiliate thereof that are part of a class of securities that are publicly traded, the Corporation will have the right, but not the obligation, to purchase from the Optionee any Shares issued on the exercise of the Option on the terms and conditions set forth in paragraph 22 of the Plan.

X. Corporation's Right of First Refusal.

Until the completion of an initial public offering of the Shares or the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquirer or surviving entity or of an affiliate thereof that are part of a class of securities that are publicly traded, the Corporation shall have a right of first refusal to purchase any Shares acquired upon exercise of this Option on the terms and conditions set forth in paragraph 23 of the Plan.

XI. Entire agreement; Governing Law.

The Plan is incorporated herein by reference. The Plan and this Stock Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Corporation and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a

writing signed by the Corporation and Optionee. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of Massachusetts.

XII. No Guarantee of Continued Service.

Optionee acknowledges and agrees that this Stock Option Agreement, the transactions contemplated hereunder and the vesting and exercisability provisions set forth herein do not constitute an express or implied promise of employment for any period or at all and shall not interfere with Optionee's right or the Corporation's right to terminate Optionee's employment at any time, with or without cause.

IN WITNESS WHEREOF, the Optionee and the Corporation have caused this instrument to be executed ((Date_of_Grant)). The Corporation has caused this instrument to be executed by a duly authorized officer.

By signature of the Optionee and the signature of the Corporation's officer below, the Optionee and the Corporation agree that each has received a copy of the Plan, that each has had an opportunity to read the Plan prior to entering into this Stock Option Agreement, and that the Option is granted under and governed by the terms and conditions of the Plan and this Stock Option Agreement. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions relating to the Plan and this Stock Option Agreement. Optionee further agrees to notify the Corporation upon any change in the address indicated below.

OPTIONEE	ALLEGRO MICROSYSTEMS, INC.
- ----------	----------
((FirstName)) ((LastName))	Marybeth Perry
((Address1)) ((Address2))	Vice President of Human Resources
((City)), ((StateID)) ((Zip_))	
((Country))	

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Optionee's Name: ((FirstName)) ((LastName))
Optionee's Address: ((Address1)) ((Address2))
((City)), ((StateID)) ((ZipCode))
((Country))

ALLEGRO MICROSYSTEMS, INC.

2001 STOCK OPTION PLAN

NONSTATUTORY STOCK OPTION AGREEMENT

Pursuant to this Stock Option Agreement, Allegro MicroSystems, Inc. (the "Corporation") grants to ((FirstName)) ((LastName)), (the "Optionee"), a nonstatutory stock option on the terms provided herein. Unless otherwise defined herein, all initially capitalized terms used herein shall have the meaning specified in the Allegro MicroSystems, Inc. 2001 Stock Option Plan (the "Plan").

I. Grant of Nonstatutory Stock Option.

Effective ((Date_of_Grant)) (the "Date of Grant"), the Corporation hereby grants to the Optionee an option (the "Option") to purchase, in whole or in part, on the terms provided herein, a total of ((Number_of_Options)) shares of common stock of the Corporation (the "Shares") at an exercise price per Share equal ((Exercise_Price)) (the "Exercise Price"), which is not less than the fair market value of the Shares on the Date of Grant. The Final Exercise Date (as that term is defined in the Plan) is ((Date_of_Expiration)). The Option is intended to be a nonstatutory option, that is, an option that does not qualify as an incentive stock option as defined in section 422 of the United States Internal Revenue Code of 1986 (as from time to time amended, the "Code").

II. Vesting and Exercisability.

The Option shall become vested and shall be exercisable in accordance with the following rules:

A. Except as hereinafter provided, the Option shall become vested and exercisable only upon the earlier to occur of (i) the fifth (5th) anniversary of the Date of Grant or (ii) an initial public offering of the common stock of the Corporation, and prior thereto shall be neither vested nor exercisable.

B. Upon termination of the Optionee's employment with the Corporation and its subsidiaries by reason of death, disability, involuntary termination (other than for cause), or retirement, any portion of the Option that is then outstanding but unvested shall become fully vested immediately prior to such termination of employment. Any portion of the Option that becomes vested by application of the immediately preceding sentence shall, notwithstanding such accelerated vesting, become exercisable only in accordance with subparagraph A. above. The terms "disability" and "retirement" shall have the meanings specified in the Plan.

C. Once exercisable, the Option shall remain exercisable until the Final Exercise Date, subject to possible earlier termination pursuant to paragraph 11 of the Plan or to forfeiture pursuant to Paragraph III of this Stock Option Agreement.

D. For purposes of this Paragraph II, "involuntary termination (other than for cause)" shall mean a termination of employment by the Corporation and its subsidiaries without cause

(as defined in the Plan), or a termination of employment by the Optionee after one or more of the following resulting from an action by the Corporation or its subsidiaries or by a successor employer following a covered transaction (as defined in the Plan): (i) a significant reduction of the Optionee's employment duties, authority or responsibilities, (ii) a substantial reduction, without good business reasons, of the Optionee's facilities and perquisites (including office space and location), (iii) a reduction of more than ten percent (10%) in the base salary of the Optionee, (iv) a material reduction of the Optionee's benefits, (v) the relocation of the Optionee to a facility or a location more than thirty-five (35) miles from the Optionee's then present location, or (vi) any act or set of facts or circumstances which would, under Massachusetts case law or statute, constitute a constructive termination of the Optionee.

III. Forfeiture.

In the event that the Optionee voluntarily terminates his or her employment with the Corporation and its subsidiaries prior to retirement (as defined in the Plan), or the Corporation and its subsidiaries terminates the Optionee's employment at any time for cause (as defined in the Plan), any then outstanding portions of the Option shall be immediately forfeited.

IV. Exercise of Option.

1. Method of Exercise. The Option, to the extent exercisable, may be exercised through the Final Exercise Date only in accordance with the provisions of the Plan and this Stock Option Agreement. The Optionee (or, following the death of the Optionee, the Successor Optionee) may elect to exercise the Option by delivering to the Corporation's Human Resources Department a written exercise notice in the form to be provided by the Corporation's Human Resources Department (the "Exercise Notice"). The Exercise Notice shall be signed by the Optionee (or, following the death of the Optionee, the Successor Optionee), state the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and include such other representations and agreements as may be required by the Corporation pursuant to the provisions of the Plan. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. In the event that the Option is exercised by a Successor Optionee, the Corporation shall have no obligation to deliver Shares hereunder unless and until it is satisfied as to the authority of the person or persons exercising the Option. No Shares shall be issued or delivered pursuant to the exercise of the Option unless such issuance and exercise complies with all applicable laws.

2. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

   (a) cash;

   (b) check acceptable to the Board of Directors ("the Board") of the Corporation; or

   (c) to the extent so provided by the Board through the delivery of Shares which have been outstanding for at least six months and which on a per Exercised Share basis have a fair market value equal to the Exercise Price.

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V. Notice of Disposition.

The person exercising the Option shall notify the Corporation when making any disposition of the Shares acquired upon exercise of the Option, whether by sale, gift, or otherwise.

VI. Tax Withholding.

As a condition to the exercise of the Option, the Optionee shall remit to the Corporation or to such other person as the Corporation may designate, in cash, an amount sufficient to satisfy any federal, state, or local withholding tax requirements arising by reason of such exercise or make other arrangements satisfactory to the Corporation with respect to such taxes. To the extent permitted by the Board, the Optionee may elect, at such time and in such manner as the Board may prescribe, to satisfy any withholding obligation by delivering to the Corporation Shares having a fair market value equal to such withholding obligation or by requesting that the Corporation withhold from the Shares to be delivered upon the exercise a number of Shares having a fair market value equal to such withholding obligations; provided, that no more than the minimum withholding required by law may be satisfied by the use of Shares as provided in this sentence.

VII. Non-Transferability of Option.

The Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

VIII. Restrictions on Transfer of Shares.

Optionee agrees not to sell, transfer or otherwise dispose of any Shares acquired upon exercise of the Option during the period beginning upon the effective date of a registration statement under the Securities Act of 1933, as amended, relating to a firm commitment underwritten public offering of the Shares and ending on the date specified by the representative of the underwriters of such offering, such period not to exceed 180 days.

IX. Corporation's Right to Repurchase Shares.

Until the completion of an initial public offering of the Shares or the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquirer or surviving entity or of an affiliate thereof that are part of a class of securities that are publicly traded, the Corporation will have the right, but not the obligation, to purchase from the Optionee any Shares issued on the exercise of the Option on the terms and conditions set forth in paragraph 22 of the Plan.

X. Corporation's Right of First Refusal.

Until the completion of an initial public offering of the Shares or the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquirer or surviving entity or of an affiliate thereof that are part of a class of securities that are publicly traded, the Corporation shall have a right of first refusal to purchase any Shares acquired upon exercise of this Option on the terms and conditions set forth in paragraph 23 of the Plan.

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XI. Entire Agreement; Governing Law.

The Plan is incorporated herein by reference. The Plan and this Stock Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Corporation and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Corporation and Optionee. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of Massachusetts.

XII. No Guarantee as to Tax Consequences.

The Optionee should consult a personal tax adviser before exercising the Option or disposing of the Shares acquired upon exercise of the Option. Tax laws vary from country to country and may change following the Date of Grant. The Corporation makes no guarantees whatsoever with regard to any national, federal, state, or local tax consequences relating to the grant or exercise of the Option, or to the later disposition of Shares acquired upon exercise of the Option.

XIII. No Guarantee of Continued Service.

Optionee acknowledges and agrees that this Stock Option Agreement, the transactions contemplated hereunder and the vesting and exercisability provisions set forth herein do not constitute an express or implied promise of employment of a continuing service relationship for any period or at all and shall not interfere with Optionee's right or the Corporation's right to terminate Optionee's employment or other service relationship at any time, with or without cause.

IN WITNESS WHEREOF, the Optionee and the Corporation have caused this instrument to be executed on ((Date_of_Grant)). The Corporation has caused this instrument to be executed by a duly authorized officer.

By signature of the Optionee and the signature of the Corporation's officer below, the Optionee and the Corporation agree that each has received a copy of the Plan, that each has had an opportunity to read the Plan prior to entering into this Stock Option Agreement, and that the Option is granted under and governed by the terms and conditions of the Plan and this Stock Option Agreement. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions relating to the Plan and this Stock Option Agreement. Optionee further agrees to notify the Corporation upon any change in the address indicated below.

OPTIONEE	ALLEGRO MICROSYSTEMS, INC.
- ----------	----------
((FirstName)) ((LastName))	Marybeth Perry
((Address1)) ((Address2))	Vice President of Human Resources
((City)), ((StateID)) ((ZipCode))	
((Country))	

NSO

Optionee's Name: ((FIRST_NAME)) ((LAST_NAME))
Optionee's Address: ((STREET1)) ((STREET2))
((STREET3)) ((CITY)), ((STATE)) ((ZipCode))
((COUNTRY))

ALLEGRO MICROSYSTEMS, INC.

2001 STOCK OPTION PLAN

NONSTATUTORY STOCK OPTION AGREEMENT

Pursuant to this Stock Option Agreement, Allegro MicroSystems, Inc. (the "Corporation") grants to ((FIRST_NAME)) ((LAST_NAME)), (the "Optionee"), a nonstatutory stock option on the terms provided herein. Unless otherwise defined herein, all initially capitalized terms used herein shall have the meaning specified in the Allegro MicroSystems, Inc. 2001 Stock Option Plan (the "Plan").

I. Grant of Nonstatutory Stock Option.

Effective ((Grant_Date)) (the "Date of Grant"), the Corporation hereby grants to the Optionee an option (the "Option") to purchase, in whole or in part, on the terms provided herein, a total of ((Number_of_Options)) shares of common stock of the Corporation (the "Shares") at an exercise price per Share equal ((GRANT_PRICE)) (the "Exercise Price"), which is not less than the fair market value of the Shares on the Date of Grant. The Final Exercise Date (as that term is defined in the Plan) is (ExpirationDate). The Option is intended to be a nonstatutory option, that is, an option that does not qualify as an incentive stock option as defined in section 422 of the United States Internal Revenue Code of 1986 (as from time to time amended, the "Code").

II. Vesting and Exercisability.

The Option shall become vested and shall be exercisable in accordance with the following rules:

A. Except as hereinafter provided, the Option shall become vested and exercisable only upon the earlier to occur of (i) the fifth (5th) anniversary of the Date of Grant or (ii) an initial public offering of the common stock of the Corporation, and prior thereto shall be neither vested nor exercisable.

B. Upon termination of the Optionee's employment with the Corporation and its subsidiaries by reason of death, disability, involuntary termination (other than for cause), or retirement, any portion of the Option that is then outstanding but unvested shall become fully vested immediately prior to such termination of employment. Any portion of the Option that becomes vested by application of the immediately preceding sentence shall, notwithstanding such accelerated vesting, become exercisable only in accordance with subparagraph A. above. The terms "disability" and "retirement" shall have the meanings specified in the Plan.

C. Once exercisable, the Option shall remain exercisable until the Final Exercise Date, subject to possible earlier termination pursuant to paragraph 11 of the Plan or to forfeiture pursuant to Paragraph III of this Stock Option Agreement.

D. For purposes of this Paragraph II, "involuntary termination (other than for cause)" shall mean a termination of employment by the Corporation and its subsidiaries without cause (as defined in the Plan).

III. Forfeiture.

In the event that the Optionee voluntarily terminates his or her employment with the Corporation and its subsidiaries prior to retirement (as defined in the Plan), or the Corporation and its subsidiaries terminates the Optionee's employment at any time for cause (as defined in the Plan), any then outstanding portions of the Option shall be immediately forfeited.

IV. Exercise of Option.

1. Method of Exercise. The Option, to the extent exercisable, may be exercised through the Final Exercise Date only in accordance with the provisions of the Plan and this Stock Option Agreement. The Optionee (or, following the death of the Optionee, the Successor Optionee) may elect to exercise the Option by delivering to the Corporation's Human Resources Department a written exercise notice in the form to be provided by the Corporation's Human Resources Department (the "Exercise Notice"). The Exercise Notice shall be signed by the Optionee (or, following the death of the Optionee, the Successor Optionee), state the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and include such other representations and agreements as may be required by the Corporation pursuant to the provisions of the Plan. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. In the event that the Option is exercised by a Successor Optionee, the Corporation shall have no obligation to deliver Shares hereunder unless and until it is satisfied as to the authority of the person or persons exercising the Option. No Shares shall be issued or delivered pursuant to the exercise of the Option unless such issuance and exercise complies with all applicable laws.

2. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash;

(b) check acceptable to the Board of Directors ("the Board") of the Corporation; or

(c) to the extent so provided by the Board through the delivery of Shares which have been outstanding for at least six months and which on a per Exercised Share basis have a fair market value equal to the Exercise Price.

V. Notice of Disposition.

The person exercising the Option shall notify the Corporation when making any disposition of the Shares acquired upon exercise of the Option, whether by sale, gift, or otherwise.

VI. Tax Withholding.

As a condition to the exercise of the Option, the Optionee shall remit to the Corporation or to such other person as the Corporation may designate, in cash, an amount sufficient to satisfy any federal,

state, or local withholding tax requirements arising by reason of such exercise or make other arrangements satisfactory to the Corporation with respect to such taxes. To the extent permitted by the Board, the Optionee may elect, at such time and in such manner as the Board may prescribe, to satisfy any withholding obligation by delivering to the Corporation Shares having a fair market value equal to such withholding obligation or by requesting that the Corporation withhold from the Shares to be delivered upon the exercise a number of Shares having a fair market value equal to such withholding obligations; provided, that no more than the minimum withholding required by law may be satisfied by the use of Shares as provided in this sentence.

VII. Non-Transferability of Option.

The Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

VIII. Restrictions on Transfer of Shares.

Optionee agrees not to sell, transfer or otherwise dispose of any Shares acquired upon exercise of the Option during the period beginning upon the effective date of a registration statement under the Securities Act of 1933, as amended, relating to a firm commitment underwritten public offering of the Shares and ending on the date specified by the representative of the underwriters of such offering, such period not to exceed 180 days.

IX. Corporation's Right to Repurchase Shares.

Until the completion of an initial public offering of the Shares or the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquirer or surviving entity or of an affiliate thereof that are part of a class of securities that are publicly traded, the Corporation will have the right, but not the obligation, to purchase from the Optionee any Shares issued on the exercise of the Option on the terms and conditions set forth in paragraph 22 of the Plan.

X. Corporation's Right of First Refusal.

Until the completion of an initial public offering of the Shares or the consummation of a merger, consolidation, corporate reorganization, or similar transaction in which the Shares are converted into or exchanged for securities of the acquirer or surviving entity or of an affiliate thereof that are part of a class of securities that are publicly traded, the Corporation shall have a right of first refusal to purchase any Shares acquired upon exercise of this Option on the terms and conditions set forth in paragraph 23 of the Plan.

XI. Entire Agreement; Governing Law.

The Plan is incorporated herein by reference. The Plan and this Stock Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Corporation and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Corporation and Optionee. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of Massachusetts.

XII. No Guarantee as to Tax Consequences.

The Optionee should consult a personal tax adviser before exercising the Option or disposing of the Shares acquired upon exercise of the Option. Tax laws vary from country to country and may change following the Date of Grant. The Corporation makes no guarantees whatsoever with regard to any national, federal, state, or local tax consequences relating to the grant or exercise of the Option, or to the later disposition of Shares acquired upon exercise of the Option.

XIII. No Guarantee of Continued Service.

Optionee acknowledges and agrees that this Stock Option Agreement, the transactions contemplated hereunder and the vesting and exercisability provisions set forth herein do not constitute an express or implied promise of employment of a continuing service relationship for any period or at all and shall not interfere with Optionee's right or the Corporation's right to terminate Optionee's employment or other service relationship at any time, with or without cause.

IN WITNESS WHEREOF, the Optionee and the Corporation have caused this instrument to be executed on ((Grant_Date)). The Corporation has caused this instrument to be executed by a duly authorized officer.

By signature of the Optionee and the signature of the Corporation's officer below, the Optionee and the Corporation agree that each has received a copy of the Plan, that each has had an opportunity to read the Plan prior to entering into this Stock Option Agreement, and that the Option is granted under and governed by the terms and conditions of the Plan and this Stock Option Agreement. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions relating to the Plan and this Stock Option Agreement. Optionee further agrees to notify the Corporation upon any change in the address indicated below.

OPTIONEE	ALLEGRO MICROSYSTEMS, INC.
- ----------	----------
((FIRST_NAME)) ((LAST_NAME))	Marybeth Perry
((STREET1)) ((STREET2))	Vice President of Human Resources
((STREET3)) ((CITY)) ((STATE)) ((ZipCode))	
((COUNTRY))	

NSO

EXHIBIT 10.3

EXECUTIVE DEFERRED COMPENSATION PLAN

FOR ALLEGRO MICROSYSTEMS, INC.

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EXECUTIVE DEFERRED COMPENSATION PLAN

FOR ALLEGRO MICROSYSTEMS, INC.

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INTRODUCTION

This Executive Deferred Compensation Plan of Allegro Microsystems, Inc. (the "Plan") has been authorized by Allegro Microsystems, Inc. and Allegro Microsystems, W.G., Inc. (the "Company") to be applicable effective on and after April 1, 1995. This Plan is intended to promote extraordinary contributions by eligible executives towards the success of the Company by providing such executives with an opportunity to defer a portion of any compensation they may receive as base salary or as a bonus under any bonus program maintained by the Company and to restore Company Basic and Supplemental Retirement Contributions lost under the Allegro Microsystems, Inc. Employee's Retirement and Savings Plan because of the application of the limitation on compensation imposed by Section 401(a)(17) of the Internal Revenue Code or by reason of the deferral of his base salary or bonus under the Plan. The Plan is unfunded and is maintained by the Company for the purpose of providing deferred compensation for a select group of management or highly-compensated employees. The Plan reads as hereinafter set forth.

DEFERRED COMPENSATION PLAN
FOR ALLEGRO MICROSYSTEMS, INC

ARTICLE 1. DEFINITIONS

1.01 "Administrative Committee" shall mean the committee which administers the Plan. The members of the Plan's Administrative Committee shall be those persons appointed by the President, Allegro Microsystems, Inc. to administer the Plan.

1.02 "Affiliated Company" shall mean any company, corporation or business directly or indirectly controlled by Allegro Microsystems, Inc., whether or not such company, corporation or business participates in the Plan.

1.03 "Base Salary" shall mean the Member's annual fixed compensation that is paid periodically during the year, determined prior to any pre-tax contributions under a "qualified cash or deferred arrangement" (as defined under Section 401(k) of the Internal Revenue Code and its applicable regulations) or under a "cafeteria plan" (as defined under Section 125 of said Code and its applicable regulations) and any deferrals under Article 3.

1.04 "Beneficiary" shall mean the beneficiary designated by a Member pursuant to Section 6.04.

1.05 "Bonus" shall mean any payment made pursuant to a plan identified as a bonus plan.

1.06 "Company" shall mean Allegro Microsystems, Inc. and any successor thereto, with respect to its employees, Allegro Microsystems W.G., Inc. with respect to its employees and any other Affiliated Company authorized by the Board of Directors to participate in the Plan, with respect to its employees.

1.07 "Company Account" shall mean the bookkeeping account maintained for each Member to record the amount of Company Contributions credited to a Member in accordance with Article 4, as adjusted pursuant to Article 5.

1.08 "Deferral Account" shall mean the bookkeeping account (or accounts) maintained for each Member to record the amount of his Base Salary and/or Bonus he has elected to defer in accordance with Article 3, as adjusted pursuant to Article 5. The Administrative Committee may establish such sub-accounts within a Member's Deferral Account as it deems necessary to implement the provisions of the Plan.

1.09 "Deferral Agreement" shall mean the completed agreement, including any amendments, attachments and appendices thereto, in such form determined by the Administrative Committee, between an Eligible Executive and the Company, under which the Eligible Executive agrees to defer Base Salary or a Bonus under the Plan.

1.10 "Effective Date" shall mean April 1, 1995.

1.11 "Eligible Executive" shall mean an employee of the Company who is (i) a senior staff member on the payroll of the Company, (ii) the president of Allegro Microsystems, Inc. or (iii) the president of Allegro Microsystems, W.G., Inc., and who is designated by the Administrative Committee as eligible to participate in this Plan.

1.12 "Member" shall mean, except as otherwise provided in Article 2, each Eligible Executive who has executed a Deferral Agreement as described in Section 2.01.

1.13 "Plan" shall mean the Executive Deferred Compensation Plan of Allegro Microsystems, Inc. as set forth in this document, as it may be amended from time to time.

1.14 "Plan Year" shall mean the calendar year.

1.15 "Savings Plan" shall mean Allegro Microsystems, Inc. Employees' Retirement and Savings Plan.

1.16 "Valuation Date" shall mean the last business day of each calendar quarter following the Effective Date, or such other day as the Administrative Committee may determine.

ARTICLE 2. MEMBERSHIP

2.01 In General

(a) An Eligible Executive shall become a Member (i) as of the date he first files a Deferral Agreement with the Administrative Committee or (ii) as of the beginning of the first calendar year (but never earlier than the Effective Date) during which the amount of Company Basic or Supplemental Retirement Contributions made on behalf of an Eligible Executive Employee under the Savings Plan are curtailed due to the limitation on compensation imposed by Section 401(a)(17) of the Internal Revenue Code, if earlier. However, an Eligible Executive's Deferral Agreement shall be effective for purposes of deferring a Base Salary or Bonus only as provided in Article 3.

(b) A Member's Deferral Agreement shall be in writing and be properly completed upon a form approved by the Administrative Committee, which shall be the sole judge of the proper completion thereof. Such Deferral Agreement shall provide for the deferral of a Base Salary or Bonus. The Deferral Agreement may include such other provisions as the Administrative Committee deems appropriate. A Deferral Agreement shall not be revoked or modified except as otherwise provided in Article 3 or in Section 4.01.

(c) The Administrative Committee may require such other information as it deems appropriate as a condition for membership in the Plan.

2.02 Termination of Membership; Re-Employment

(a) Membership shall cease upon a Member's termination of employment with the Company unless the Member is entitled to benefits under the Plan, in which event his membership shall terminate when those benefits are distributed to him. Membership shall also cease as provided in the preceding sentence upon a Member's taking a leave of absence from the Company unless such leave of absence is approved by the Company.

(b) If a former Member whose membership in the Plan ceased under Section 2.02(a) is re-employed as an Eligible Executive, the former Member may become a Member again in accordance with the provisions of Section 2.01.

ARTICLE 3. DEFERRAL ELECTION

3.01 Filing Requirements

(a) Prior to the close of business on December 31 in any Plan Year, an Eligible Executive may elect, subject to the limits of Section 3.02, to defer all or a portion of his Base Salary that is otherwise earned and payable in the next calendar year or his Bonus for services in the current fiscal year that is payable in the next fiscal and calendar year by filing a Deferral Agreement with the Administrative Committee. In the event that December 31 does not fall on a business day, such filing must be made by the close of business on the last prior business day. If an employee becomes an Eligible Executive after January 1 in any Plan Year, he may elect to defer his Base Salary or Bonus for that year by filing a Deferral Agreement with the Administrative Committee prior to the close of business on the tenth business day following the date he becomes an Eligible Executive; provided, however that Bonus may be deferred only if the amount earned for that year has not already been determined by appropriate action of the Company. Notwithstanding any other provision to the contrary, an election to defer any part of Base Salary or Bonus payable in the 1995 Plan Year filed with the Administrative Committee on or before the Effective Date shall be effective only with respect to Base Salary earned and payable on or after the Effective Date and Bonus paid after the Effective Date; provided, however, that Bonus may be deferred only if the amount of Bonus for the Plan Year has not already been determined by appropriate action of the Chairman of the Board of the Company.

(b) An Eligible Executive's election to defer all or a portion of his Base Salary or Bonus for any Plan Year shall be effective on the last day the deferral of such Base Salary or Bonus may be elected under Section 3.01(a). An Eligible Executive may revoke or change his

election to defer all or a portion of his Base Salary or Bonus at any time prior to the date the election becomes effective. Any such revocation or change shall be made in a form and manner determined by the Administrative Committee.

(c) Except as to a Member who becomes an Eligible Executive after January 1 of the then current Plan Year, a Member's Deferral Agreement shall apply only with respect to Base Salary earned in the Plan Year following the Plan Year in which the Deferral Agreement is filed with the Administrative Committee under Section 3.01(a). A Member's Deferral Agreement shall only apply to a Bonus determined after the Deferral Agreement is filed with the Administrative Committee under Section 3.01(a). An Eligible Executive must file, in accordance with the provisions of Section 3.01(a), a new Deferral Agreement for each Plan Year the Eligible Executive desires to defer a portion of Base Salary or Bonus.

(d) If a Member ceases to be an Eligible Executive but continue to be employed by the Company, he shall continue to be a Member and his Deferral Agreement currently in effect for the Plan Year shall remain in force for the remainder of such Plan Year, but such Member shall not be eligible to defer any portion of his Base Salary or Bonus earned in a subsequent Plan Year until such time as he shall once again become a Eligible Executive. An Eligible Executive must file a new Deferral Agreement each Plan Year in accordance with the provisions of Section 3.01(a) in order to defer all or a portion of his Base Salary or Bonus for the following Plan Year.

(e) Notwithstanding anything in this plan to the contrary, if an Eligible Executive

(i) receives a withdrawal of any pre-tax contributions on account of hardship from any plan which is maintained by the Company and which meets the requirements of Section 401(k) of the Internal Revenue Code (or any successor thereto) and

(ii) is precluded from making contributions to such 401(k) plan for at least 12 months after receipt of the hardship withdrawal,

no amounts shall be deferred under this Plan under the Eligible Executive's Deferral Agreements with respect to Base Salary or Bonus until such time as the Eligible Executive is again permitted to contribute to such 401(k) plan. Any Base Salary or Bonus payment which would have been deferred pursuant to a Deferral Agreement but for the application of this Section 3.01(e) shall be paid to the Eligible Executive as if he had not entered into the Deferral Agreement.

3.02 AMOUNT OF DEFERRAL

(a) An Eligible Executive may defer up to 100% of his Base Salary or Bonus. Any deferral shall be in 1% increments.

(b) In its sole discretion, the Administrative Committee may establish such other maximum or minimum limits on the amount of Base Salary or Bonus an Eligible Executive may defer as it deems appropriate. Eligible Executives shall be given written notice of any such limits at least ten business days prior to the date they take effect.

3.03 Crediting to Account

The amount of Base Salary or Bonus which an Eligible Executive has elected to defer shall be credited to his Deferral Account no later than the first business day of the first calendar month following the date the Base Salary or Bonus would have been paid to the Eligible Executive in the absence of a Deferral Agreement with respect to such amount.

3.04 Vesting

A Member shall at all times be 100% vested in his Deferral Account.

ARTICLE 4. COMPANY CONTRIBUTION

4.01 Amount of Company Contribution

To the extent the Company is prevented from making Company Basic Retirement Contributions or Company Supplemental Retirement Contributions under the Savings Plan on behalf of a Member in any calendar year in which he is a Member hereunder by reason of the deferral of his Base Salary or Bonus pursuant to an election under Article 3 or by reason of the limitation imposed on compensation by Section 401(a)(17) of the Internal Revenue Code; such Company Basic Retirement Contributions and Company Supplement Retirement Contributions will be deemed to be made under this Plan and credited to his Company Account pursuant to Section 4.02.

4.02 Crediting to Account

The Company Contributions determined pursuant to Section 4.01 on behalf of a Member shall be credited to such Member's Company Account as soon as administratively practicable following the close of each calendar year.

4.03 Vesting

A Member shall vest in the Company Contributions made on his behalf under Section 4.01, adjusted pursuant to Article 5, at the same rate at which such contributions would have vested under the Savings Plan had they been contributed thereunder. In the event a Member terminates employment prior to vesting in all or any part of the Company Contributions made on his behalf, such Company Account shall be forfeited and shall not be restored if the Member is subsequently re-employed by the Company.

ARTICLE 5. MAINTENANCE OF ACCOUNTS

5.01 Adjustment of Account

(a) As of each Valuation Date, each Deferral Account (and any sub-account thereof) and each Company Account shall be credited or debited with the amount of earnings or losses with which such accounts would have been credited or debited, assuming it had been invested in one or more investment funds, or earned the rate of return of one or more indices of investment performance, designated by the Administrative Committee and elected by the Member pursuant to Section 5.02 for purposes of measuring the investment performance of his accounts.

(b) The Administrative Committee shall designate at least one investment fund or index of investment performance and may designate other investment funds or investment indices to be used to measure the investment performance of a Member's accounts. The designation of any such investment funds or indices shall not require the Company to invest or earmark their general assets in any specific manner. The Administrative Committee may change the designation of investment funds or indices from time to time, in its sole discretion, and any such change shall not be deemed to be an amendment affecting Members' rights under Section 7.02.

5.02 Investment Performance Elections

In the event the Administrative Committee designates more than one investment fund or index of investment performance under Section 5.01, each Member shall file an investment election with the Administrative Committee with respect to the investment of his Deferrals and Company Contributions within such time period and on such form as

the Administrative Committee may prescribe. The election shall designate the investment fund or funds or index or indices of investment performance which shall be used to measure the investment performance of the Member's Deferrals. The election shall be in increments of 10%.

5.03 Changing Investment Elections

(a) A Member may change his election in Section 5.02 used to measure the investment performance of his future Deferrals and Company Contributions, no more than four times in any calendar year, by filing an appropriate written notice with the Administrative Committee at least 15 days in advance of the date such election is effective. The notice shall be effective as of the beginning of the first payroll period of the first calendar quarter following the date the notice is filed with the Administrative Committee.

(b) A Member may change his election of the investment fund or funds or index or indices of investment performance used to measure the future investment performance of his existing account balance, by filing an appropriate written notice with the Administrative Committee at least 15 days in advance of the date such election is effective. The election shall be effective as of the first business day of the calendar quarter following the month in which the notice is filed.

5.04 Individual Accounts

The Administrative Committee shall maintain, or cause to be maintained, records showing the balances of each Member's Deferral Account (and any sub-account thereof) and Company Account. At least once a year, each Member shall be furnished with a statement setting forth the value of his Deferral Account and Company Account.

5.05 Valuation of Accounts

(a) The Administrative Committee shall value or cause to be valued each Member's accounts at least quarterly. On each Valuation Date there shall be allocated to the accounts of each Member the appropriate amount determined in accordance with Section 5.01.

(b) Whenever an event requires a determination of the value of a Member's Deferral Account (or any sub-account thereof) or his Company Account, the value shall be computed as of the Valuation Date coincident with, or immediately following, the date of the event.

ARTICLE 6. PAYMENT OF BENEFITS

6.01 Payment on Termination of Employment

(a) The distribution of the Member's Deferral Account (or any subaccount thereof) shall commence, pursuant to Section 6.03, on or after the occurrence of the earlier of (i) or (ii) as designated by the Participant on his Deferral Agreement:

(i) the Participant's termination of employment with the Company and all Affiliated Companies or

(ii) a designated date not later than his attainment of age 70-1/2.

In the event a Participant elects (ii) above, he may not elect a date less than three (3) years subsequent to the date he executed the Deferral Agreement, and in the event such Participant terminates employment prior to such designated date, the distribution of his Deferral Account shall commence, pursuant to Section 6.03, as soon as practicable after his termination of employment. A Participant shall not change his designation of the event which entitles him to distribution of his Deferral Account or subaccount thereof.

(b) The distribution of the Member's Company Account shall commence pursuant to Section 6.04, as soon as practicable following the Member's termination of employment with the Company and all Affiliated Companies.

6.02 Hardship

(a) While employed by the Company, a Member may, in the event of a severe unforeseeable financial hardship, request a withdrawal from his Deferral Account. The request shall be made in a time and manner determined by the Administrative Committee, shall not be for a greater amount than the lesser of (i) the amount required to meet the financial hardship,

including amounts necessary to pay any federal, state or local income taxes, or (ii) the amount of his Deferral Account, and shall be subject to approval by the Administrative Committee.

(b) For purposes of this Section 6.02 financial hardship shall include:

(i) sudden and unexpected illness of the Member, his spouse or his dependents, resulting in severe financial hardship to the Member;

(ii) loss of the Member's property due to a casualty, or other similar extraordinary circumstances arising as a result of events beyond the control of the Member;

(iii) any other extraordinary and unforeseeable circumstances of the Member approved by the Administrative Committee if such circumstances would result in a present or impending critical financial need which the Member is unable to satisfy with funds reasonably available from other sources.

(c) Except as otherwise provided in this Section 6.02, no portion of a Member's Deferral Account may be withdrawn prior to the date the Member elected in the Deferral Agreement and no portion of a Member's Company Account may be withdrawn prior to the date the Member terminates employment.

6.03 Method of Payment - Deferral Account

(a) Except as otherwise provided in paragraphs (b) and (c) below, payment of a Member's Deferral Account (or any applicable sub-account thereof) shall be made as designated by the Member on his Deferral Agreement under one of the following methods of payment:

(i) approximately equal annual cash installments for a period of years, not to exceed 10 years, designated by the Member on his Deferral Agreement; or

(ii) in single lump sum cash payment.

During an installment payment period, the Member's Deferral Account shall continue to be credited with earnings or losses as described in Section 5.01. The first installment or lump sum payment shall be made as soon as administratively practicable following the Valuation Date coincident with or next following the date the Member terminates employment with the Company and all Affiliated Companies and subsequent installments, if any, shall be determined as of the last business day of each calendar year and shall be paid as soon as administratively practicable thereafter. The amount of each installment shall equal the balance in the Member's Deferral Account as of each Valuation Date of determination divided by the number of remaining installments (including the installment being determined).

(b) If a distribution of the Member's Deferral Account (or any sub-account thereof) is to commence pursuant to clause (ii) of Section 6.01, such distribution shall be made in a single cash lump sum payment as soon as practicable following the Valuation Date coincident with or next following the designated date.

(c) If a Member dies before payment of the entire balance of his Deferral Account, an amount equal to the unpaid portion thereof as of the date of his death shall be payable in one lump sum to his Beneficiary as soon as practicable after the Valuation Date coincident with or next following the Member's date of death.

6.04 Method of Payment - Company Account

(a) Upon termination of employment with the Company and all Affiliated Companies, the amount credited to a Member's Company Account, to the extent vested under the terms of the Savings Plan, shall be distributed to the Member in a single cash lump sum payment as soon as practicable after the Valuation Date coincident with or next following the date the Member incurs such termination of employment.

(b) In the event the Member terminates employment for reasons other than death prior to vesting in all or any part of the amount to the credit of his Company Account, such nonvested amount shall be forfeited.

(c) A Member's Company Account shall be payable to his Beneficiary as soon as practicable after the Valuation Date coincident with or next following his date of death. The Company Account shall be paid to his Beneficiary in a single cash lump sum payment.

6.05 Designation of Beneficiary

A Member may, in a time and manner determined by the Administrative Committee, designate a beneficiary and one or more contingent beneficiaries (which may include the Member's estate) as his Beneficiary under this Plan to receive any benefits which may be payable under this Plan upon his death. If the Member fails to designate a Beneficiary or contingent Beneficiary, or if the Beneficiary and the contingent Beneficiaries fail to survive the Member, such benefits shall be paid to the Member's estate. A Member may revoke or change any designation made under this Section 6.05 in a time and manner determined by the Administrative Committee.

6.06 Tax Increases

Notwithstanding the provisions of Sections 6.01 and 6.02, in the event a Member's Deferral Account is being paid in installment payments under Section 6.03, and during said payout period Federal personal income tax rates for the highest marginal tax rate are scheduled to increase by 3 or more percentage points, at the direction of the Administrative Committee, any remaining installment payments to be paid after the effective date of such increase shall be paid in a single lump sum prior to said effective date.

ARTICLE 7. AMENDMENT OR TERMINATION

7.01 Right to Terminate

Allegro Microsystems, Inc. may, by action of its Board of Directors, in its sole discretion, terminate this Plan and the related Deferral Agreements at any time. In the event the Plan and related Deferral Agreements are terminated, each Member and Beneficiary shall receive a single sum payment in cash equal to the balance of his Deferral Account and Company Account. The single sum payment shall be made as soon as practicable following the date the Plan is terminated and shall be in lieu of any other benefit which may be payable to the Member or Beneficiary under this Plan. Any action to terminate the Plan by the Board of Directors shall be taken in such manner as may be permitted under the by-laws of the Company.

7.02 Right to Amend

The Allegro Microsystems, Inc. may, by action of its Board of Directors, in its sole discretion, amend this Plan and the related Deferral Agreements in any way on 30 days prior notice to the Members. If any amendment to this Plan or to the Deferral Agreements shall adversely affect the rights of a Member, such individual must consent in writing to such amendment prior to its effective date. If such individual does not consent to the amendment, the Plan and related Deferral Agreements shall be deemed to be terminated with respect to such individual and he shall receive a single sum payment of his Deferral Account and Company Account in cash as soon thereafter as is practicable. Notwithstanding the foregoing, the Administrative Committee's change in any investment funds or investment index under Section 5.01, or the restriction of future Bonuses (and the opportunity to defer Bonuses) shall not be deemed to adversely affect

any Member's rights. Any action to amend the Plan by the Board of Directors shall be taken in such manner as may be permitted under the by-laws of the Company.

7.03 Uniform Action

Notwithstanding anything in the Plan to the contrary, any action to amend or terminate the Plan or the Deferral Agreements must be taken in a uniform and nondiscriminatory manner.

ARTICLE 8. GENERAL PROVISIONS

8.01 Funding

(a) All amounts payable in accordance with this Plan shall constitute a general unsecured obligation of the Company. Such amounts, as well as any administrative costs relating to the Plan, shall be paid out of the general assets of the Company, to the extent not paid by a grantor trust established pursuant to paragraph (b) below.

(b) The Company may, for administrative reasons, establish a grantor trust for the benefit of Members participating in the Plan. The assets of said trust will be held separate and apart from other Company funds, and shall be used exclusively for the purposes set forth in the Plan and the applicable trust agreement, subject to the following conditions:

(i) the creation of said trust shall not cause the Plan to be other than "unfunded" for purposes of Title I of ERISA;

(ii) the Company shall be treated as "grantor" of said trust for purposes of Section 677 of the Internal Revenue Code of 1986, as amended (the "Code"); and

(iii) said trust agreement shall provide that its assets may be used to satisfy claims of the Company's general creditors, and the rights of such general creditors are enforceable by them under federal and state law.

8.02 No Contract of Employment

The existence of this Plan or of a Deferral Agreement does not constitute a contract for continued employment between an Eligible Executive or a Member and the Company. Except as otherwise limited by the terms of any valid employment contract or agreement entered into between the Company and an Eligible Executive or Member, the Company

reserve the right to modify an Eligible Executive's or Member's remuneration and to terminate an Eligible Executive or a Member for any reason and at any time, notwithstanding the existence of this Plan or of a Deferral Agreement.

8.03 Withholding Taxes

All payments under this Plan shall be net of an amount sufficient to satisfy any federal, state or local withholding tax requirements.

8.04 Nonalienation

Subject to applicable law, the right to receive any benefit under this Plan may not be transferred, assigned, pledged or encumbered by a Member, Beneficiary or contingent Beneficiary in any manner and any attempt to do so shall be void. No such benefit shall be subject to garnishment, attachment or other legal or equitable process without the prior written consent of the Company.

8.05 Administration

(a) This Plan shall be administered by the Administrative Committee. The Administrative Committee shall establish rules for the administration of the Plan, shall have discretionary authority to interpret and construe the Plan and shall take any other action necessary to the proper operation of the Plan. The members of the Administrative Committee may allocate among themselves or delegate to other persons all or such portion of their duties under the Plan as they, in their sole discretion, shall determine.

(b) Prior to paying any benefit under this Plan, the Administrative Committee may require the Member, Beneficiary or contingent Beneficiary to provide such information or material as the Administrative Committee, in its sole discretion, shall deem necessary for

it to make any determination it may be required to make under this Plan. The Administrative Committee may withhold payment of any benefit under this Plan until it receives all such information and material and is reasonably satisfied of its correctness and genuineness.

(c) All acts and decisions of the Administrative Committee shall be final and binding upon all Members, former Members, Beneficiaries, contingent Beneficiaries and employees of the Company.

8.06 Claims Procedure

The Administrative Committee shall provide adequate notice in writing to any Member, former Member, Beneficiary or contingent Beneficiary whose claim for benefits under this Plan has been denied, setting forth the specific reasons for such denial. A reasonable opportunity shall be afforded to any such Member, former Member, Beneficiary or contingent Beneficiary for a full and fair review by the Administrative Committee of its decision denying the claim. The Administrative Committee's decision on any such review shall be final and binding on the Member, former Member, Beneficiary or contingent Beneficiary and all other interested persons.

8.07 Facility of Payment

In the event the Administrative Committee shall find that a Member or his Beneficiary is unable to care for his affairs because of illness or accident, the Administrative Committee may direct that any benefit payment due him, unless claim shall have been made therefor by a duly appointed legal representative, be paid to his spouse, a child, a parent or other

blood relative, or to a person with whom he resides, and any such payment so made shall be a complete discharge of the liabilities of the Plan therefor.

8.08 Limitation of Liability

The Company, the members of the Administrative Committee, and any officer, employee or agent of the Company shall not incur any liability individually or on behalf of any other individuals or on behalf of the Company for any act or failure to act, made in good faith in relation to the Plan.

8.09 Indemnification

The Company, the members of the Administrative Committee and the officers, employees and agents of the Company shall, unless prohibited by any applicable law, be indemnified against any and all liabilities arising by reason of any act, or failure to act, in relation to the Plan including, without limitation, expenses reasonably incurred in the defense of any claim relating to the Plan, amounts paid in any compromise or settlement relating to the Plan and any civil penalty or excise tax imposed by any applicable statute, if:

(a) the act or failure to act shall have occurred

(i) in the course of the person's service as an officer of the Company or member of the Administrative Committee, or

(ii) in connection with a service provided without compensation to the Plan or to the Members or Beneficiaries of the Plan, if such service was requested by the Administrative Committee, and

(b) the act or failure to act is in good faith and in, or not opposed to, the best interests of the Company.

This determination shall be made by the Company and, if such determination is made in good faith and not arbitrarily or capriciously, shall be conclusive. The foregoing indemnification shall be from the assets of the Company. However, the Company's obligation hereunder shall be offset to the extent of any otherwise applicable insurance coverage under a policy maintained by the Company or any other person, or other source of indemnification.

8.10 Payment of Expenses

All administrative expenses of the Plan and all benefits under the Plan shall be paid from the general assets of the Company.

8.11 Construction

(a) The Plan is intended to constitute an unfunded deferred compensation arrangement for a select group of management or highly compensated personnel. All rights hereunder shall be governed by and construed in accordance with the Employee Retirement Income Security Act of 1974, as amended, and laws of the state of Massachusetts.

(b) The masculine pronoun shall mean the feminine wherever appropriate.

(c) The captions inserted in the Plan are inserted as a matter of convenience and shall not affect the construction of the Plan.

ARTICLE 8. SIGNATURE AND VERIFICATION

IN WITNESS WHEREOF, Allegro Microsystems, Inc. has caused this Plan to be executed this 1st day of JUNE, 1995.

/s/ Fred A. Windover

Attest: _____

EXHIBIT 10.4

AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into as of March 30, 2001 between Allegro MicroSystems, Inc., a Delaware corporation having its principal place of business at 115 Northeast Cutoff, Worcester, Massachusetts 01615 ("Allegro"), and Dennis H. Fitzgerald, an individual residing at 330 Sterling Street, Unit B-8, West Boylston, Massachusetts 01583 ("DHF").

WHEREAS, Sanken Electric Co., Ltd. ("Sanken"), the parent company of Allegro, requested that DHF serve as the President and Chief Operating Officer ("President") of Allegro; and

WHEREAS, DHF expressed certain reservations to Sanken, and thereafter the parties exchanged communications regarding conditions that might apply in the event that DHF agrees to accept such position; and

WHEREAS, on May 30 2000, DHF agreed to accept his election as President by the board of directors of Allegro, based on an understanding that the conditions discussed between Sanken and DHF would be subsequently clarified and memorialized in an agreement between Allegro and DHF; and

WHEREAS, the board of directors of Allegro has authorized Yuji Morita, President of Sanken and Chairman and Chief Executive Office of Allegro, to negotiate and execute appropriate agreements between DHF and Allegro.

NOW, THEREFORE, the parties hereby agree as follows:

1. Severance Benefit.

In the event that Allegro terminates DHF's employment at any time in the future without "good cause" (as defined in Section 3.2 of this Agreement), Allegro will pay DHF a "Severance Benefit" based on DHF's base salary on the date that notice of termination is given to DHF (the "Notice Date"). The Severance Benefit will have the following elements:

1.1 Subject to Section 5 of this Agreement, a lump sum payment equal to DHF's annual base salary on the Notice Date will be paid to DHF within fifteen days following the date that DHF ceases to be an employee of Allegro.

1.2 For twelve months following the Notice Date, Allegro will make monthly payments to DHF in an amount equal to his monthly base salary on the Notice Date. Unless Allegro otherwise agrees in writing, any payment of regular salary for service as an Allegro employee, which is undertaken by mutual agreement between Allegro and DHF, after the Notice Date shall be deemed part of the Severance Benefit (for example, if by mutual agreement DHF retains the status of an employee for two months following the Notice Date, DHF will receive two months of regular salary and ten months of severance payments after the employment termination date).

1.3 For twelve months following the Notice Date, DHF will make himself available for consultation with management of Allegro at mutually agreed times. Such consultation

will be arranged so as not to unduly interfere with DHF's duties to a successor employer. DHF will not be obligated to render more than ten hours of consulting services in any month.

1.4 All payments of the Severance Benefit will be net of withholding taxes and other applicable deductions.

2. DHF Option to Elect Severance Benefit.

DHF expressed concern that support from Sanken is essential for the improvement and future success of Allegro's business operations. Specifically, DHF expressed the belief that three of the following four elements of support are necessary: (1) substantial elimination of Allegro's long-term debt, which may include conversion of debt into equity; (2) willingness to consider strategic transactions, such as acquisitions or divestiture of facilities or businesses; (3) implementation of appropriate long-term incentive plans to attract and retain employees; and (4) granting of stock options or other equity-based compensation, and development of a plan for possible public distribution of Allegro common stock, that will enable Allegro to compete against public company competitors for the services of talented employees. For purposes of this Agreement, the support of Sanken is referred to as "Sanken Support."

The understanding between Sanken is that DHF will have a right, if sufficient Sanken Support does not materialize, to make a unilateral decision to resign as an employee and as President of Allegro and obtain the financial benefits of the Severance Benefit described in Section 1. Accordingly, DHF is hereby granted an "Option" having the following elements:

2.1 During the period commencing June 1, 2002 and ending May 31, 2003, DHF may exercise the Option if he determines, in good faith, that Sanken Support has not been sufficient. Written notices of exercise shall be given to the Chairman and Chief Executive Officer of Allegro (with a copy to the President of Sanken if the two offices are held by a different person), which notice shall set forth the following: (a) a statement that DHF has made a good faith determination that Sanken Support is insufficient; (b) a brief recitation of facts in support of such determination; and (c) DHF's proposal for effecting a reasonable transition of his duties.

2.2 Upon proper exercise of the Option, DHF will become entitled to the Severance Benefit described in Section 1 of this Agreement. The date of notice of exercise of the Option shall be the "Notice Date" within the meaning of Section 1.

2.3 The Option will become effective unless challenged by Allegro pursuant to written notice to DHF within fifteen days after the Notice Date, which notice shall describe the reasons that Allegro disputes DHF's good faith determination. Thereafter, the parties will make reasonable efforts to resolve their differences in an amicable manner, and in the event they cannot, the parties will resolve the matter through arbitration.

2.4 In recognition that a purpose of the Option is to enable DHF to devote his full energy to Allegro for two years without worrying about his personal future, DHF agrees that he will not actively seek other employment, or solicit the services of executive recruiters or

other intermediaries, prior to June 1, 2002. However, nothing shall prevent DHF from considering opportunities that may be otherwise presented to him.

2.5 DHF further agrees that for a period of a twelve months following exercise of the Option, he will not directly or indirectly solicit any Allegro employee to join a corporation or business enterprise of which DHF is an officer, owner or employee.

3. Certain Definitions.

For purposes of determining eligibility for the Severance Benefit, the following terms shall apply:

3.1 Cessation of DHF's employment due to any of the following reasons shall not be deemed termination by Allegro within the meaning of Section 1 of this Agreement: death; permanent disability (as defined by Allegro's long-term disability plan); judicially-declared incompetency; voluntary termination of employment (other than pursuant to Section 2); or retirement. This Agreement shall automatically terminate upon any of the foregoing events.

3.2 The term "good cause" means: (1) continued or repeated failure, refusal or inability (after prior written notice from Allegro) to substantially perform the duties required by DHF's position or to comply with reasonable directives of DHF's superior officer or Allegro's board of directors; (2) a willful or intentional act or omission in breach of DHF's fiduciary duty to Allegro which results in a substantial disadvantage to Allegro; (3) aiding a competitor of Allegro to the detriment of Allegro; (4) unauthorized disclosure to third parties of important confidential or proprietary information of Allegro; (5) inability to perform the duties of President for more than three months in the aggregate during any twelve month period due to illness, chemical dependency or other incapacity; or (6) perpetration of a felony as determined by a guilty plea by DHF or conviction by a court after trial, whether relating to the DHF's employment or otherwise.

3.3 The following events may, at DHF's option elected by notice within 15 days after the occurrence thereof, be deemed a termination of employment within the meaning of Section 1 of this Agreement:

(a) Change of position or job responsibilities below the level of President and Chief Operating Officer as the same exist on the date of this Agreement.

(b) Reduction in base salary of more than 10%.

(c) Relocation to another office of Allegro that is more than 35 miles distant from Worcester with DHF's consent, unless such relocation is part of a general relocation of Allegro's headquarters.

4. Ancillary Benefits.

DHF shall be entitled to any non-salary termination benefits that may apply under policies maintained by Allegro from time to time, including without limitation continuation of medical

coverage or life insurance or job search assistance (hereinafter referred to as "Ancillary Benefits"). In the event of termination by Allegro within the meaning of Section 1, DHF shall be entitled to continuation of any automobile allowance that is then part of his compensation package as if such automobile allowance were "base salary" for purposes of determining the Severance Benefit, provided that DHF shall not seek reimbursement for personal automobile mileage relating to any post-termination consulting services provided to Allegro.

5. Exclusive Remedy.

The Severance Benefit and the Ancillary Benefits constitute DHF's exclusive remedy with respect to any and all claims or causes of action arising out of DHF's employment or termination of employment by Allegro. The Severance Benefit is in lieu of payments under any severance pay policy or program that may be maintained by Allegro (other than non-salary Ancillary Benefits). Allegro may require, as a pre-condition to paying the Severance Benefit, that DHF sign a written release of any and all claims against Allegro and its affiliated companies, including Sanken, and their officers, directors and agents, arising out of DHF's employment or the termination thereof (provided, however, that no such release will deprive DHF of his right to reimbursement for business expenses or his vested rights under the Allegro benefit plan or compensation program).

6. Special Bonus.

DHF shall be entitled to a "Special Bonus" of $750,000 in the event that Allegro meets certain net income objectives during the three year period ending March 31, 2003. The conditions of the Special Bonus are as follows:

6.1 The Special Bonus is separate and distinct from any Allegro bonus or incentive compensation for which DHF is currently eligible or becomes eligible in the future.

6.2 The Special Bonus is based on Allegro's present business plan objective to achieve net income of $4 million, $10 million and $15 million, respectively, in fiscal years 2001, 2002 and 2003. The Special Bonus will be payable to DHF in the event that one of the following two conditions is satisfied:

(a) Allegro has net income in each of fiscal years 2001, 2002 and 2003, and the cumulative net income for such three-year period equals or exceeds $29 million.

(b) The net income targets of $4 million and $10 million are attained or exceeded in fiscal years 2001 and 2002, and Allegro attains or exceeds net income of $10 million in fiscal year 2003.

6.3 The Special Bonus will be paid to DHF (subject to applicable withholding taxes and other deductions) promptly following acceptance by Allegro board of directors of Allegro's consolidated financial statements for the fiscal year ended March 31, 2003.

6.4 The board of directors of Allegro shall have the power to adjust Allegro's net income for purposes of this Agreement in order to address unforeseen circumstances and maintain consistency with the reasonable expectations of the parties at the time this Agreement is

executed. Circumstances that may justify adjustment include changes in generally accepted accounting principles or internal Allegro accounting practices; one-time gains or losses not primarily related to Allegro's principal business operations; acquisitions or divestitures; and reduction of Allegro's long-term debt through conversion to equity or similar methods. No adjustment or net income shall be made in an arbitrary manner.

6.5 The President of Sanken may, in his sole discretion, determine that a prorated Special Bonus will be payable to DHF in the event that Allegro substantially achieves, but does not fully achieve, Allegro's net income objectives for the three-year period in question. The President of Sanken may, in his sole discretion, increase the amount of the Special Bonus if the net income objectives for such three-year period are substantially exceeded.

7. Employment Status.

Notwithstanding periodic payments of the Severance Benefit by Allegro, DHF will not have the status of an officer or employee of Allegro except as specifically agreed between Allegro and DHF. For example, it might be mutually agreed that DHF will remain an employee of Allegro for one month following the Notice Date. In such case, DHF will cease to have the status of an Allegro employee after one month, even though periodic payments of the Severance Benefit are thereafter paid to DHF.

This Agreement sets forth certain rights that may accrue under specified circumstances. However, this Agreement is not intended as an employment agreement. DHF's status as an employee, officer and director of Allegro will be determined in the ordinary course of business pursuant to Allegro's internal operating procedures and the governance of Allegro's board of directors.

8. Miscellaneous.

8.1 Entire Agreement. This Agreement constitutes the entire agreement and understanding between DHF, Allegro and Sanken concerning the subject matter hereof, and supersedes all prior negotiations or understandings between the parties, whether written or oral, concerning such matter.

8.2 Waiver; Amendment. No waiver of any breach of this Agreement shall be construed to be a waiver of any other breach of this Agreement. No waiver or amendment of this Agreement shall be effective unless set forth in a written document signed by DHF and the Chairman and Chief Executive Officer of Allegro.

8.3 Notices. Any notices required or permitted by this Agreement shall be in writing, and may be transmitted by personal delivery, by courier service or by e-mail if receipt thereof is expressly acknowledged by the receiving party. Notices shall be given to Allegro's principal business office (for example, notice to Y. Morita as Chairman of Allegro should be sent to his office in Japan). A copy of all notices shall be sent to James M. Coonan of Masuda, Funai, Eifert & Mitchell, Ltd. in Chicago, Illinois (or Mr. Coonan's successor as Secretary of Allegro if he no longer holds such position).

8.4 Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Massachusetts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

ALLEGRO MICROSYSTEMS, INC.

/s/ Dennis H. Fitzgerald	/s/ Yuji Morita
Dennis H. Fitzgerald	Yuji Morita Chairman and Chief Executive Officer

[ALLEGRO MICROSYSTEMS, INC. LOGO]

Yuji Morita
Chairman
and
Chief Executive Officer

June 24, 2003

Mr. Dennis H. Fitzgerald
President and Chief Operating Officer
Allegro Microsystems, Inc.
115 Northeast Cutoff
Worcester, Massachusetts 01605-0036

Dear Dennis

This letter relates to the Agreement dated March 30, 2001 between you and Allegro MicroSystems, Inc. (the "Agreement") that addresses certain matters concerning your employment and compensation. We are prepared to negotiate with you within the next 6 to 12 months a successor agreement that will address issues such as corporate objectives and bonus for achievement of such objectives. In the meantime, we would like to resolve the status of the current Agreement.

Although it has been our view that the basic severance compensation provisions of the Agreement continue in effect, we recognize that clarification of this point is appropriate. Furthermore, we concur with a certain expansion of the conditions for payment.

This letter is issued in my capacity as Chief Executive Officer ("CEO") of Allegro. On May 30, 2000, the board of directors of Allegro adopted a resolution authorizing the CEO to negotiate the terms of your employment, and "in connection therewith, to execute on behalf of the Corporation such contracts, agreement or other documents" that the CEO may determine to be appropriate.

Allegro hereby offers the following clarification and amendment of the Agreement referenced above:

1. Section 1, 3, 4, 5, 7 and 8 of the Agreement shall remain intact until such time as the Agreement may be replaced by a successor agreement. The expiration of Sections 2 and 6 of the Agreement shall not impact the continuation of these sections.

2. Section 3.1 of the Agreement shall be amended by deleting the words "death; permanent disability (as defined by Allegro's long-term disability plan); judicially-declared incompetency." For purposes of Section 1 of the Agreement, the occurrence of any of these events shall be deemed a termination of your employment by Allegro without good cause (due to inability to perform duties) that triggers payment of the "Severance Benefit" as defined therein, with the date of occurrence being the "Notice Date" for purposes of Section 1.

Section 8.2 of the Agreement requires that any waiver or amendment be set forth in a written document signed by you and the CEO of Allegro. I have signed two copies of this letter on behalf of Allegro. If you concur, please indicate by executing one copy of this letter and returning it to my attention. Please retain the other signed copy for yourself.

Very truly yours,

ALLEGRO MICROSYSTEMS, INC.

/s/ Yuji Morita
- ----------
Yuju Morita
Chairman and Chief Executive Officer

Agreed and accepted this 27th day of
June, 2003

/s/ Dennis H. Fitzgerald
- ----------
Dennis H. Fitzgerald

EXHIBIT 10.13

LETTER OF CONSENT/COEXISTENCE AGREEMENT

THIS AGREEMENT is made and entered into on October 3, 2006 by and between CADENCE DESIGN SYSTEMS, INC., (hereinafter "Cadence") a corporation duly organized and existing under the laws of the state of Delaware and having a registered office at 2655 Seely Avenue, San Jose, CA 95134, and ALLEGRO MICROSYSTEMS, INC., (hereinafter "Allegro") a corporation organized and existing under the laws of the state of Delaware, USA and having a registered office at 115 Northeast Cutoff, Worcester, MA 01606 USA, hereinafter collectively referred to "Parties" and singularly as "Party".

WHEREAS the Parties have been simultaneously using the trademark ALLEGRO in connection with different goods in various common countries; and

WHEREAS the Parties believe that their respective marks as applied to their respective goods are not likely to be confused as to source, sponsorship, affiliation or association.

NOW THEREFORE, the Parties hereby acknowledge:

1. That Cadence has been using the trademark ALLEGRO in connection with design automation computer programs in the U.S. and in various foreign countries and that Cadence is the owner of U.S. Federal Trademark Registration No. 2,053,958 for the mark ALLEGRO in connection with "electronic design automation computer programs, both in human and machine readable form, and instruction manuals sold as a unit" (hereinafter Cadence's "respective goods") in International Class 009.

2. That Allegro has been using the trademark ALLEGRO and the design mark ALLEGRO MICROSYSTEMS, INC. in connection with semiconductors and parts therefor in the U.S. and in various foreign countries and that Allegro is the owner of U.S. Federal Trademark Registration No. 2,921,953 for the mark ALLEGRO in connection with "integrated circuits and components therefor" (hereinafter Allegro's "respective goods") in International Class 009 and U.S. Federal Trademark Registration No. 3,017,500 for the design mark ALLEGRO MICROSYSTEMS, INC. also in connection with the respective goods in International Class 009.

3. That Cadence's and Allegro's respective use of the trademark ALLEGRO and Allegro's use of its design mark ALLEGRO MICROSYSTEMS, INC. for their respective goods has occurred simultaneously in many of the same countries without confusion.

For good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Cadence consents to Allegro's use and registration of the trademark ALLEGRO and the design mark ALLEGRO MICROSYSTEMS, INC. in connection with semiconductors and parts therefor. Cadence will not take any action against Allegro's use and registration of the trademark ALLEGRO or its design mark ALLEGRO MICROSYSTEMS, INC. in connection with semiconductors and parts therefor, as long as Allegro is not in breach of this Agreement and Allegro's use and registration of the trademark ALLEGRO and design mark ALLEGRO MICROSYSTEMS, INC. is limited to such goods.

2. Allegro consents to Cadence's use and registration of the trademark ALLEGRO in connection with electronic design automation software and related services. Allegro will not take any action against Cadence's use and registration of the trademark ALLEGRO in connection with electronic design automation software and related services, as long as Cadence is not in breach of this Agreement and Cadence does not use the trademark ALLEGRO with semiconductors and parts therefor.

3. Each Party agrees to cooperate with the other Party in connection with efforts of the other Party to secure registration of its ALLEGRO trademark and Allegro's efforts to secure registration of its design mark ALLEGRO MICROSYSTEMS, INC. in various countries and regions as may be reasonably necessary to secure for the other Party the benefits of trademark registration in the respective countries and regions. The Parties agree to provide the other with a letter of consent if the Trademarks Office in a particular country requires the same during a Party's application to register its ALLEGRO trademark or during Allegro's application to register its design mark ALLEGRO MICROSYSTEMS, INC. in connection with the respective goods and the other Party's trademark is cited against registration. The Party requesting consent shall pay the attorneys' fees for the Party giving consent.

4. The terms of this Agreement shall be worldwide in scope and shall be binding on the Parties, their affiliates, related companies, successors and assigns.

5. This Agreement shall be governed by and construed under the laws of the United States and the State of California. The Parties hereby submit to the jurisdiction of, and waive any venue objections against, the United States for the Northern District of California and the Superior and Municipal Courts of the State of California, Santa Clara country, in any action arising out of this Agreement.

6. This Agreement constitutes the entire agreement and understanding of the Parties with respect to the subject matter of this Agreement and merges all prior discussions between the Parties.

7. No waiver or modification to this Agreement shall be effective unless it is in writing executed by both Parties.

8. Each Party represents to the other that the person signing this Agreement on its behalf is authorized to do so and to bind his or her respective Party hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

CADENCE DESIGN SYSTEMS, INC.	ALLEGRO MICROSYSTEMS, INC.
Name: /s/ J.J. Cowie	Name: /s/ Richard T. Kneeland
Print: J.J. Cowie, CVP & AGC	Print: Richard T. Kneeland
Date: October 9, 2006	Date: October 3, 2006

EXHIBIT 10.14

LEASE AGREEMENT

THIS AGREEMENT, made this 19th day of August [initialed], 2003, by and between AIRTIGHT II, LLC, having an address of 530 Chestnut Street, Manchester, NH 03101 (hereinafter referred to as "Landlord"), and ALLEGRO MICROSYSTEMS, INC., having an address of 955 Perimeter Rd, Manchester, NH 03103 (hereinafter referred to as "Tenant").

WITNESSETH:

THAT Landlord, for and in consideration of the rentals and covenants hereinafter mentioned on the part of Tenant, its successors and assigns to be performed, has leased, and by these presents does lease, unto Tenant, and Tenant does hereby take and hire from Landlord upon and subject to the conditions hereinafter expressed the entire premises located at 955 Perimeter Rd, Manchester, NH 03103, consisting currently of 97,135 rentable square feet (consisting of 11,747 sf on the first floor, 42,717 sf on the second floor, 42,671 sf on the third floor plus the expansion space described below in the amount of 11,398 square feet) which premises are described as set forth in Exhibit "A" annexed hereto and the lands appurtenant thereto consisting of approximately 29 acres and made a part hereof and also shown as Lot 848-7 on a plan of land entitled "Tax Map 848, Lot 7, Subdivision Plan of Land owned by: Airtight II, L.L.C., Perimeter Road, Manchester, NH, prepared for Jiten Hotel Management, Inc." dated January 24, 2001, revised through April 9, 2001, prepared by T.F. Moran, Inc. and recorded in the Hillsborough County Registry of Deeds as Plan No. 31126 (hereinafter referred to as the "PREMISES"), together with access to and from the PREMISES across the interior and exterior common ways, if any, and use of the all parking areas, of 955 Perimeter Rd.

IT IS FURTHER understood and agreed by and between the parties hereto as follows:

ARTICLE 1

TERM

The term of this lease shall be Fifteen (15) year(s) commencing upon reasonable completion of the fit up work as described in exhibit "A" and Tenant's legal occupancy of said Premises which shall not be later than the date that the City of Manchester issues a certificate of occupancy for the entire building (which date is hereinafter referred to as the Commencement Date) and ending at noon on the Fifteenth Anniversary of the Commencement Date.

ARTICLE 2

FIXED RENT AND ADDITIONAL RENT

Tenant covenants to pay to Landlord at the commencement of the lease a net annual basic rental of Nine Hundred Twenty Two Thousand Seven Hundred Eighty Two Dollars And Fifty Cents ($922,782.50) ($9.50 per square foot subject to the escalations as outlined below), in equal monthly installments of Seventy Six Thousand Eight Hundred Ninety Eight Dollars and Fifty Four Cents ($76,898.54) (hereinafter referred to as the "Fixed Rent") as follows:

Tenant shall pay base rent on 97,135 square feet only and shall pay the operating and tax expenses on the entire building for the first twenty four (24) months, Thereafter, Tenant shall pay

base rent on the entire building consisting of 108,533 square feet. If, however, Tenant occupies the additional 11,398 square feet prior to the 24 month period, the base rent will be adjusted to include the additional space. Upon Tenant's occupancy of the additional space, Landlord shall either perform additional fit-up at a cost no greater than $100,000.00 or perform no additional fit-up and credit Tenant $100,000.00 against its rental obligations.

In years 6 through 15, Tenant shall also pay additional rent upon the land at a rate $50,000.00 per year and, if tenant elects to build out additional space at the property, the additional land rent rate shall be $75,000.00 regardless of the extent of the build out. Said build out shall be of the same character and quality of the premises as of the Commencement Date and shall become property of the Landlord upon expiration of this lease.

Fixed Rent shall be payable in advance on the first (1st) day of each and every calendar month of the term hereof (hereinafter sometimes referred to as "Rent Days") at the above address of Landlord or at such other place as may hereafter be designated by Landlord.

Fixed Rent shall be paid to Landlord, without notice or demand and without deduction, set-off or other charge therefrom or against the same, for and during each and every lease year of the term of this Lease.

Tenant shall also pay "Additional Rent" consisting of all taxes, assessments, utility costs, repair costs, maintenance and grounds-keeping costs including janitorial, snow removal and landscaping costs, insurance and management fees relating to the Premises which shall be due and payable when due from the billing entity and the management fees shall be due on the Rent Days without any set-off or deduction. The management fee shall be equal to Four Percent (4%) of the base rent as it exists from time to time. In the event of Tenant's default in payment Landlord shall have (in addition to any remedies granted Landlord hereunder for Fixed Rent) all remedies provided by law for non-payment of rent.

Rent for any period of less than one (1) month shall be adjusted pro-rata.

ARTICLE 3

ADJUSTMENTS TO FIXED RENT

Fixed Rent shall be subject to adjustment during the term hereof beginning on the Commencement Date and on each subsequent anniversary of that date (each of which is hereinafter referred to as the "Adjustment Date").

Year(s)	$/Square Foot	Monthly Rent
1-5	$9.50	$76,898.54 without additional 11,398 and $85,921.95 with additional 11,398 square feet
6-10	$10.45	$94,514.15
11-15	$11.49	$103,920.34

Additionally, in years 6 through 15 or any extensions of this lease, Tenant shall pay the land rent at the rate of $4,166.66 month without the build-out and $6,250.00 with the build out discussed in Article 2 above.

ARTICLE 4

TAXES, ASSESSMENTS AND CHARGES

Tenant shall pay as Additional Rent, all real estate taxes, water and sewer assessments and any other assessments or substitutes therefor attributable to any portion of the term hereof. Tenant shall also pay to the appropriate taxing authority the amount of all assessments, impositions and taxes made, levied or assessed against or imposed upon any and all property of Tenant.

If at any time during the term of this Lease the methods of taxation prevailing at the execution hereof shall be changed or altered so that in lieu of or as a supplement to or a substitute for the whole or any part of the real estate taxes or assessments now or from time to time hereafter levied, assessed or imposed by applicable taxing authorities, there shall be imposed (i) a tax, assessment, levy, imposition or charge, wholly or partially as a capital levy or otherwise, on the rents received from the PREMISES, or (ii) a tax, assessment, levy (including but not limited to any municipal, state or federal levy), imposition or charge measured by or based in whole or in part upon the PREMISES and imposed upon Landlord, or (iii) a license fee measured by the rent payable under this Lease, then all such taxes, assessments, levies, impositions and/or charges, or the part thereof so measured or based shall be deemed to be included in the general real estate taxes and assessments payable by Tenant pursuant hereto, to the extent that such taxes, assessments, levies, impositions and charges are solely related to the Premises and Tenant shall pay and discharge the same as herein provided in respect of the payment of general real estate taxes and assessments. Items payable by Tenant pursuant to the provisions of this Article are sometimes referred to in this Lease as "impositions". The aforementioned adjustment would not apply to any taxes on income.

Tenant shall have the right to seek an abatement of the real estate taxes and Landlord shall have the obligation to cooperate with Tenant in its efforts to achieve any reduction in said taxes. Tenant shall also have the right, with reasonable notice to the Landlord, to negotiate assessments with the Tax Assessor's Office prior to the imposition of said assessment which includes the right to negotiate for an agreed assessment without the requirement of seeking a formal abatement.

ARTICLE 5

INSURANCE

Section 1. Tenant shall procure and maintain at Tenant's sole cost and expense prior to the commencement of the lease and thereafter, throughout the term of this Lease the following insurance with respect to the PREMISES:

(a) Comprehensive single limit general public liability insurance against claims for personal injury, death, or property damage occurring upon, in or about the PREMISES, such insurance to afford protection to the limit of not less than Five Million ($5,000,000.00) Dollars; and

(b) Casualty and fire insurance policies with full extended coverage provisions with respect to the PREMISES including the entire structure and all of Tenants personal property, in an amount not less than the full replacement cost of the buildings and improvements thereon, but in no

event less than the amount sufficient to avoid the effect of the co-insurance provisions of the applicable policy or policies.

Section 2. All policies required under the provisions of Section 1 of this Article 5 shall name Landlord as an additional insured and upon request of Landlord, shall also name any mortgage holder as a loss payee.

Section 3. Neither Landlord, its servants, agents or employees, nor any mortgagee of the PREMISES shall be liable or responsible for, and Tenant hereby releases Landlord, its servants, agents or employees and each mortgagee of the PREMISES from, all liability and responsibility to Tenant and any person claiming by, through or under Tenant, for any injury, loss or damage to any person or property in or around the PREMISES or to Tenant's business irrespective of the cause of such injury, loss or damage except as occasioned by the willful misconduct or negligence of the Landlord and not covered by applicable policies of insurance as provided for in this Lease.

Section 4. All such insurance will be issued by a company or companies authorized to do business in New Hampshire and satisfactory to Landlord, and all such policies (or certificates therefor) shall be delivered to Landlord and shall provide for at least twenty (20) days prior written notice to Landlord of cancellation, except with respect to cancellation on account of non-payment of premiums, which provide for a Ten (10) day notice of cancellation.

ARTICLE 6

REPAIRS

Section 1. Tenant throughout the term of this Lease, at its sole cost and expense, shall take good care of the PREMISES and keep same in good, tenantable order and condition, and shall promptly at Tenant's own cost and expense, make all necessary repairs thereto and replacements thereof, including the repair and replacement of (a) all windows and plate glass in the PREMISES, (b) all the floors whether finished or sub-floors, and (c) the heating, air conditioning, plumbing, electrical, water, sewer, and other utility service systems serving the PREMISES, except repairs and replacements necessitated by damage by fire or other insured casualty or condemnation (which shall be governed by the provisions of Article 15 and 16 of this Lease) and further excepting therefrom those items Landlord is expressly obligated to repair as provided for herein by specific warranties of the Landlord in this Article 6. Tenant shall maintain all equipment which is part of the PREMISES in good and operable condition, except for ordinary wear and tear, and unavoidable casualties.

Landlord hereby warrants that the HVAC System on the first and second floors of the Premises shall be in good working order at the commencement of the lease per the specifications contained within exhibit "A" and hereby warrants same for the first year of the lease including payment of all costs associated with necessary repairs and replacement of same.

Landlord further warrants that it shall be responsible for any roof repairs aggregating more than $10,000.00 in any year of the lease for the first five years of this lease. Tenant shall notify Landlord of the contractors it is utilizing to perform the work and, if the costs of repairs will

obligate Landlord to incur costs as provided for above in this subparagraph, Landlord shall have the option to hire contractors of its choice to perform the repairs.

Section 2. All repairs required to be made by Tenant to the mechanical, electrical, heating, ventilating, air conditioning or other systems of the PREMISES shall be performed in a good and workmanlike manner, shall be at least equal in quality, utility and usefulness to the condition at the commencement of this Lease, shall be of a first-class, modern character and shall not diminish the overall value of the PREMISES. All such repairs, replacements and renewals in connection with the PREMISES shall, immediately upon the expiration or earlier termination of the term hereof, be and become the property of Landlord without payment therefor by Landlord and shall be surrendered to Landlord upon the expiration or earlier termination of the term hereof. Upon the expiration or earlier termination of the term hereof, Tenant shall surrender the PREMISES to Landlord in good order, condition and repair, except for ordinary wear and tear, and unavoidable casualties.

Landlord shall not be responsible to Tenant or any other party whatsoever for any loss of or damage to property, or injury to persons occurring in or about the PREMISES by reason of any existing or future condition, defect, matter or thing in the PREMISES, except to the extent occasioned by misconduct or negligence of Landlord, its servants, agents or employees, or any mortgagee, and not covered by applicable policies of insurance required to be maintained by Tenant pursuant to this Lease. In the event that Tenant shall fail or neglect to make any necessary repairs as and to the extent required of Tenant pursuant to this Lease, then Landlord or its agents may, without any obligation so to do, after thirty (30) days notice to Tenant and upon Tenant's failure to cure the same within said thirty (30) days, enter the PREMISES and make said repairs at the cost and expense of Tenant, and in case of Tenant's failure to pay therefor, the said cost and expense shall be added to the next month's rent together with interest at twelve percent (12%) per annum (or the maximum amount permitted by law, whichever shall be less), as Additional Rent and shall be due and payable as such.

Section 3. Tenant shall be responsible for repairs and maintenance for all exterior and interior areas of the Premises, grounds and building maintenance, snow removal, trash removal and maintenance of one (1) entrance way sign at the entrance to the Premises. With respect to the snow removal, Tenant acknowledges that it shall be responsible for removal of the snow from the intersection of Perimeter Road and its access-way to the Premises. Tenant shall also be permitted to receive a proportionate amount of the costs of snow removal from the owners of the adjoining hotel property to the extent that the removal is related to the portion of the access road utilized by the hotel and its guests.

ARTICLE 7

COMPLIANCE WITH LAW

Tenant throughout the term of this Lease at Tenant's sole cost and expense, shall promptly comply with all laws and ordinances and the orders, rules, regulations and requirements of all Federal, State and Municipal governments and appropriate departments, commissions, boards and officers thereof and the orders, rules and regulations of any Board of Fire Underwriters or similar body or agency where the PREMISES are situated, or any body, now or hereafter

constituted, exercising similar functions, foreseen or unforeseen, ordinary or extraordinary, relating to the PREMISES or to Tenant's use and occupancy thereof.

Tenant will observe and comply with the requirements of the carriers of any policy of insurance respecting the PREMISES and the requirements of all policies of public liability, fire, casualty and all other policies of insurance at any time in force with respect to the PREMISES.

In the event that Tenant shall fail or neglect to comply with any of the aforesaid obligations, then Landlord without obligation so to do, after thirty (30) days notice to Tenant and upon Tenant's failure to cure the same within said thirty (30) days, may enter the PREMISES and effect compliance at the cost and expense of Tenant, and in case of Tenant's failure to pay therefor, the said cost and expense shall be added to the next month's rent, together with interest at twelve percent (12%) per annum, (or the maximum amount permitted by law, whichever shall be less) as Additional Rent and shall be due and payable as such.

ARTICLE 8

ALTERATIONS AND IMPROVEMENTS

With respect to any alterations or additions not defined in Exhibit "A", Tenant shall have the right during the term of this Lease to make such alterations or additions to the PREMISES as Tenant shall deem necessary or desirable in connection with the requirements of its business, which alterations and additions shall be made in all cases subject to the following conditions which Tenant shall observe and perform, unless said alterations or improvements are not material, in which case, the Landlord's approval shall not be required. An alteration shall be conclusively deemed to be material in the event that it changes any structural component of the building, changes the exterior (including windows) of the building, changes the roof of the building or costs in excess of $25,000.00.

(a) No material alteration or addition shall be undertaken until Tenant has obtained Landlord's prior written approval which the Landlord may not unreasonably withhold.

(b) No material alteration or addition shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required from time to time, all permits and authorizations of the various governmental agencies having jurisdiction thereover. Landlord agrees to join in the application for such permits or authorizations whenever such action is necessary.

(c) All alterations and additions when completed shall be of such a character as not to reduce, or otherwise adversely affect the value of the PREMISES, nor to reduce the size of the building, the cubic content thereof, nor change the character of the PREMISES. Tenant shall make all repairs to and replacements of such alterations and additions made by it in and to the PREMISES.

(d) All work done by Tenant shall be done promptly, in a good and workmanlike manner, and in compliance with the building and zoning laws of the municipality in which the PREMISES are located and in compliance with all laws, ordinances, order, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and in accordance with the orders, rules and regulations of the Board of Fire Underwriters where the PREMISES are situated or any other body exercising similar

functions and having jurisdiction thereof; said alterations or additions shall be constructed and completed free of liens for labor and material supplied or claimed to have been supplied to the PREMISES.

(e) Tenant shall at Tenant's sole cost and expense, at all times when any work is in process in connection with any Tenant alterations or additions after the Commencement Date, maintain Builders Risk casualty insurance policy coverage in the amount of the full replacement cost thereof, and Statutory Workmen's Compensation Insurance covering all persons employed in connection with the work and with respect to whom death or injury claims could be asserted against Landlord, Tenant or the PREMISES, general liability insurance for the mutual benefit of Tenant and Landlord by obtaining policies of insurance with the same limitations of coverages as set forth in Article 5, during the period of such construction. All such insurance will be issued by a company or companies authorized to do business in New Hampshire and satisfactory to Landlord, and all such policies (or certificates therefor) shall be delivered to Landlord and shall provide for at least twenty (20) days prior written notice to Landlord of cancellation, except with respect to cancellation on account of non-payment of premiums, which provide for a Ten (10) day notice of cancellation.

(f) All alterations and additions made or installed by Tenant shall be and become the property of Landlord without payment therefor by Landlord, and shall be surrendered to Landlord upon the expiration or sooner termination of the term of this Lease, unless Landlord requires Tenant to remove the same at Tenant's expense prior to the expiration or sooner termination of the Lease, and in such event Tenant shall restore the PREMISES to the condition it was in prior to the installation of the said improvements or alterations and additions. If Tenant shall not be in default of any of its obligations under this Lease and all prior defaults shall have been fully cured at the termination of the term hereof, Tenant shall have the right to remove its trade fixtures as shown in the attached exhibit "C" and personal property from the PREMISES provided, however, that Tenant shall, at its own cost and expense, repair any damage caused by such removal and shall have restored the PREMISES to the condition that it was in prior to the installation of Tenant's said trade fixtures and personal property, reasonable wear and tear excepted.

Except as above specifically contemplated, Tenant shall not in any manner make or suffer to be made any additions or alterations to or of the PREMISES.

Notwithstanding anything in the foregoing to the contrary, Tenant shall be free at all times to bring its own furniture, equipment, and other personal property on the PREMISES, use the same on the PREMISES and remove the same from the PREMISES upon the termination or expiration of this Lease; provided their removal does not cause any damage to the PREMISES.

ARTICLE 9

MECHANIC'S LIENS

Tenant shall not suffer or permit any liens, mechanics' liens, mechanics' notices of intention, or the like to be filed against the PREMISES or any part thereof by reason of work, labor, services, equipment or materials supplied or claimed to have been supplied to or on behalf of Tenant or anyone holding the PREMISES or any part thereof through Tenant. Before any persons or

entities perform any work or supply any materials to the PREMISES which could form the basis for a mechanic's lien, Tenant shall utilize its best efforts to require such persons or entities to waive their mechanic's lien rights, said waiver to be done in writing and conspicuously. If any such liens, mechanics' liens, mechanics' notices of intention, or the like shall at any time be filed against the PREMISES, Tenant shall cause the same to be discharged of record within thirty (30) days after the date of filing the same, or if Landlord shall by written agreement with Tenant, permit same to remain undischarged, Tenant shall post an insurance company surety bond providing for and securing due payment thereof and saving Landlord harmless and indemnifying it with respect thereto. Tenant shall not have any right whatsoever to subject the interests of Landlord in the PREMISES or in the fee simple title thereto to any mechanics' liens or other liens whatsoever and nothing contained in this Lease shall be deemed to operate as an expense or implied consent to Tenant to subject the interests of Landlord to any such lien or liens.

ARTICLE 10

WASTE

Tenant covenants not to permit the PREMISES to fall into disrepair or to do or suffer any waste or damage, disfigurement or injury to the PREMISES, or permit or suffer any stationary overloading of the floors thereof.

ARTICLE 11

INSPECTION BY LANDLORD

Section 1. Tenant agrees to permit Landlord and the authorized representatives of Landlord to enter the PREMISES during usual business hours of Tenant: (a) for the purpose of inspecting the same and (b) if Landlord so elects, but without any obligation so to do, and if Tenant has failed to do so within a reasonable time, for the purpose of making any necessary repairs to the PREMISES and performing any work therein which may be reasonably necessary to comply with any laws, ordinances, rules, regulations or requirements of any public authority or of the Board of Fire Underwriters or any similar body, or which may be reasonably necessary to prevent waste or deterioration in connection with the PREMISES. Nothing herein shall imply any duty upon the part of Landlord to do any work which, under any provision of this Lease, Tenant may be required to perform, and the performance thereof by Landlord shall not constitute a waiver by Landlord of Tenant's default in failing to perform the same. Landlord may, during the progress of any such work in the PREMISES, keep and store upon the PREMISES all necessary materials, tools and equipment. Landlord shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business or other damage to Tenant by reason of making such repairs or the performance of any such work in the PREMISES, or on account of bringing materials, supplies and equipment into or through the PREMISES during the course thereof, and the obligations of Tenant under his lease shall not thereby be affected in any manner whatsoever; provided always, however, that to the extent that Landlord elects to perform or is obligated to perform any such repairs pursuant to the provisions of this Lease, Landlord agrees that (to the extent reasonably practicable under the circumstances) Landlord shall use its best efforts to cause such repairs to be performed in such a way as to cause a minimum of inconvenience to Tenant on the operation of Tenant's business in the PREMISES and to cause the said work to be accomplished in as expeditious a manner as is reasonably practicable.

Section 2. During the final six (6) months of the term. Landlord is hereby given the right at any time during usual business hours and upon prior notice to Tenant to enter the PREMISES and to exhibit the same for the purposes of sale and/or lease. Landlord shall be entitled to show PREMISES to potential buyers and/or prospective tenants and to display on the PREMISES in such manner as not unreasonably to interfere with Tenant's business the usual "For Sale" or "To Let" signs and Tenant agrees that such signs may remain, unmolested, upon the PREMISES. Tenant shall provide Landlord with a list of competitors. When showing the Premises to Tenant's competitors, Landlord shall use reasonable to notify the Tenant of such showing 10 days prior to same, if practical.

ARTICLE 12

ASSIGNMENT AND SUBLETTING

Section 1. Provided that this Lease shall be in good standing and that Tenant shall not be in default of any of its obligations hereunder, Tenant may, without Landlord's consent, assign this Lease or sublet the PREMISES to any subsidiary or parent corporation of the Tenant or to any corporation into or with which the Tenant or its parent or subsidiary corporation shall be duly merged, converted or consolidated under any statutory proceeding, provided that the total assets and net worth of such assignee, after such consolidation or merger, shall be more than that of Tenant immediately prior to such consolidation or merger, and provided further that such successor shall execute an instrument in writing reasonably satisfactory to Landlord's counsel fully assuming all of the obligations and liabilities imposed upon Tenant hereunder and shall deliver the same to Landlord. No such assignment or subletting shall operate to relieve Tenant from any liability hereunder.

Section 2. Tenant shall have the further right to sublease all or a portion(s) of the Premises from time to time to other Tenants provided that the Tenant remains primarily liable to Landlord under the terms of this lease and that the sub-lessee use of the premises is compatible with the general quality and image of the building.

Section 3. Should Tenant at any time during the term hereof desire to assign this Lease or sublet the PREMISES to a party(ies) other than a party(ies) under Section 1 of this Article 12, Tenant shall furnish Landlord with thirty (30) days or more advance written notice (prior to the date of such proposed assignment) specifying therein the date of such proposed assignment or subletting, the name and address of the proposed assignee or subtenant, and if a corporation or partnership, its principals and the nature of the business proposed to be conducted in the PREMISES by said assignee or subtenant. If Tenant assigns this Lease or sublets the PREMISES without previously obtaining Landlord's consent with respect to the sub-lessee's compatible use of the Premises and sublessee's compatibility with the general quality and image of the building, Landlord, by giving notice to the Tenant within thirty (30) days after receipt of notice thereof, shall have the option to cancel and terminate this Lease effective as of the date of such assignment or subletting or as of the last day of the thirty (30) day notice period mentioned in this sentence, whichever date shall be later. Landlord's failure to exercise its option as contemplated by this Section 3 shall NOT be deemed to constitute Landlord's consent to Tenant's proposed assignment of this Lease of the PREMISES or any part thereof. Landlord shall NOT in any event whatsoever be deemed to be obligated to consent to any proposed assignment of this Lease or subletting of the PREMISES.

Section 4. Without limiting any of the provisions of Article 17, if pursuant to the Federal Bankruptcy Code (or any similar law hereafter enacted having the same general purpose), Tenant is permitted to assign this Lease or sublet the PREMISES notwithstanding the restrictions contained in this Lease, adequate assurance of future performance by an assignee or subtenant expressly permitted under such Code shall be deemed to mean the deposit of cash security in an amount equal to the sum of one year's Fixed Rent plus an amount equal to the Additional Rent for the lease year preceding the year in which such assignment or subletting is intended to become effective, which deposit shall be held by Landlord for the balance of the Term, without interest, as security for the full performance of all of Tenant's obligations under this Lease.

Provided that any sublessee commences its sublease prior to the twelfth year of the Commencement Date of this lease, such sublessee shall be permitted to utilize the option terms as provided for herein.

ARTICLE 13

UTILITIES

Section 1. Tenant agrees, at its own sole cost and expense, to pay, or cause to be paid immediately when due, all utility charges separately metered to it including for electricity, light, heat, power, sewer, water, telephone or other communication service, and to indemnify the Landlord and save it harmless against any liability therefor or damages on such account. Landlord shall not in any event be liable to Tenant or responsible to Tenant for any stoppage or interruption in any utility service furnished to the PREMISES or for the failure to obtain or inability to obtain any energy source or fuel of any type or nature whatsoever. No such stoppage or inability of Tenant to obtain any such energy source or fuel shall operate to constitute a constructive eviction of Tenant or relieve Tenant of its obligations to pay rent under this Lease.

Section 2. Tenant shall pay, as Additional Rent, Landlord's cost for all utilities serving the Premises including, but not limited to, water and sewer charges and heat, power and electricity.

Tenant shall have the bills made out to it and shall pay same directly.

ARTICLE 14

HOLD HARMLESS AND INDEMNIFICATION

Section 1. This Lease is made upon the express condition that Tenant agrees to save Landlord harmless from and indemnify it against all liabilities, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising by reason of any injury in or about the PREMISES to any person or persons, including without limitation, Tenant, its servants, agents and employees, and damage in or about the PREMISES to any property of any kind whatsoever, and to whomsoever belonging, including without limitation, damage to property of Tenant, its servants, agents and employees, and other parties, which such injury to persons or damage to property occurs as a result of or from any cause or causes whatsoever, including, without limitation, damage from water and/or steam leakage into or upon the PREMISES or its appurtenances, during the term of this Lease or any occupancy hereunder, except to the extent occasioned by the sole misconduct or negligence of Landlord, its servants, agents or employees,

or any mortgagee, and not covered by policies of insurance required to be maintained by Tenant pursuant to this Lease.

"Tenant, as a material part of the consideration to be rendered to Landlord, hereby waives all claims against Landlord for damages to goods, equipment, improvements, wares and merchandise in, upon or about the PREMISES and for injuries to Tenant, its servants, agents, employees or third persons in or about the PREMISES from any cause arising at any time, except to the extent occasioned by the sole misconduct or negligence of Landlord, its servants, agents or employees, or any mortgagee, and not covered by applicable policies of insurance required to be maintained by Tenant pursuant to this Lease.

Section 2. If Landlord is made a party defendant to any litigation concerning a claim whereon Tenant has same duty to hold Landlord free and harmless from and to indemnify Landlord as set forth in paragraph 1, then Tenant shall hold Landlord harmless from all costs including, but not limited to, attorney's fees, and liability by reason thereof incurred by Landlord in connection with such litigation and all taxable court costs regardless of whether any such claim is meritorious or lacking in merit.

Section 3. Tenant's obligations under this Article 14 are conditioned on Landlord's giving written notice to Tenant of any claim or demand by a third party which Landlord has determined has given rise to or could reasonably give rise to a claim for indemnification pursuant to this Article 14 within thirty (30) days after Landlord receives notice thereof. Tenant shall then have a reasonable time (not to exceed thirty (30) days) after receipt of such written notice from Landlord in which to retain counsel reasonably satisfactory to Landlord to defend such third party claim or demand on behalf of Landlord. In such case, Landlord shall make available to Tenant and its agents and representatives all records and other materials which are reasonably required in the defense of such third party claim or demand and shall otherwise cooperate with and assist Tenant in the defense of such third party claim or demand. So long as Tenant is defending such third party claim or demand in good faith, Landlord shall not settle or compromise such third party claim or demand. In the event of any third party claim or demand for which Landlord is entitled to indemnification hereunder, Tenant shall pay all legal fees and other costs and expenses incurred by Tenant as the same become due, and Tenant shall pay on demand any non-appealable judgment or other resulting obligation of such third party claim or demand.

To the extent that Tenant has an obligation to indemnify the Landlord for any such claims as specified above, Tenant shall have the right to compromise same.

ARTICLE 15

CASUALTY

In case of total or partial destruction of the PREMISES by fire, the elements, or other insured causes during the term of this Lease, the term hereby created shall not terminate and shall nonetheless continue subject to the provisions of this Article 15.

If the PREMISES shall be damaged by fire, the elements, or other insured cause, in whole or in part, then Landlord, its successors or assigns, agree to repair the same with reasonable

promptness, provided always however and upon the express condition that there are funds available to Landlord from casualty insurance policy proceeds actually paid to and received by Landlord for such repair work and provided further that such duty to repair by Landlord shall at all times be subject to the approval and consent of the then mortgagee and the willingness of such mortgagee to make the proceeds of casualty insurance policies payable to such mortgagee available to Landlord for such purposes, and subject to the terms and conditions of any mortgage affecting the PREMISES. Tenant shall give immediate written notice to Landlord of any such fire or other damage to the PREMISES. In the event that a mortgagee refuses to rebuild, Tenant shall be given notice of same within 20 days of Landlord's notice of same and shall further be notified whether Landlord has the ability and will, in fact, rebuild or repair the premises. If Landlord will not rebuild the premises, the lease shall immediately terminate retroactive to the casualty date. If Landlord will rebuild or repair, and can not do so within 120 days, the lease will terminate upon Tenant's notice to Landlord of Tenant's desire to terminate the lease provided that Tenant gives Landlord written notice of same within 10 days of its receipt of Landlord's notice.

Upon the occurrence of any damage to the PREMISES by fire, the elements or other insured cause, Landlord shall select an architect or engineer to prepare a report as to the reasonable time necessary to repair or restore the said damage. Said report shall be furnished to Tenant within thirty (30) days from the date of such damage. If in the opinion of such architect or engineer, the PREMISES have been damaged to such an extent as to make the majority thereof wholly untenantable period of one hundred twenty (120) days or more from the date of the issuance of such report by the architect or engineer, then and in such event Landlord or Tenant may terminate the within Lease by written notice to the other party served within ten (10) days after the issuance of the report by the architect or engineer. Upon the exercise of the option herein granted, this Lease shall terminate and be of no further force or effect whatsoever.

Provided that this Lease shall not have been terminated in accordance with the provisions of this Article, Landlord agrees that it shall complete all repair and restoration work within a period of 150 days from and after the date of issuance of any such report by the architect or engineer. In the event that Landlord shall not have substantially completed its work within that time period (subject to unavoidable delays) Tenant may terminate this Lease Agreement at any time after the expiration of such one hundred fifty (150) day period and prior to substantial completion by Landlord of its work in connection with the repair and restoration by serving Landlord with thirty (30) days prior written notice thereof. Landlord may vitiate the effect of such notice by substantially completing its work within such thirty (30) day period.

Anything contained in this Lease to the contrary notwithstanding, in the event that the PREMISES or any part thereof shall be damaged or destroyed by fire or other casualty rendering the Thirty Three (33) percent of the Premises unusable, the Landlord shall have the right to elect, within twenty (20) days after receipt by Landlord of written notice from Tenant of such event, not to repair the same, whereupon Landlord shall, within such time period, serve written notice upon Tenant of Landlord's election to terminate this Lease and thereupon the term of this Lease shall expire and the Tenant shall forthwith quit and surrender the PREMISES.

The Fixed Rent and Additional Rent, or a just proportionate part thereof, according to the nature and extent of the damages sustained, shall be suspended or abated until Landlord shall have repaired or restored the PREMISES hereunder.

Landlord's obligations in connection with any repair and/or restoration work shall and are hereby strictly limited to the replacement of the basic building as let by Landlord to Tenant, including the fit-up as shown in the attached exhibit "A" as of the Commencement Date of the term hereof and in no event shall Landlord be obligated to replace, repair or restore any improvements to the PREMISES or alterations thereof installed therein by or on behalf of Tenant nor shall Landlord be obligated in any event whatsoever to replace, repair or restore Tenant's leasehold improvements, personal property, furniture, fixtures, equipment or the like.

ARTICLE 16

CONDEMNATION/EMINENT DOMAIN

Section 1. This Lease shall terminate: (1) if the entire PREMISES shall be taken by condemnation or eminent domain; or (2) at the option of Tenant (exercisable by notice given to Landlord within thirty (30) days after the date of any such taking) if a material part of the PREMISES shall be taken in any condemnation or eminent domain proceeding(s).

Upon the termination of this Lease by reason of condemnation or eminent domain, Tenant shall be liable only for the payment of Fixed Rent and Additional Rent and other charges herein, pro-rated to the date of such termination, and Landlord shall refund any payment in excess thereof to Tenant.

Section 2. Tenant may, if permitted by law, make any application for any award which might be independently payable to it in connection with Tenant's moving expenses, business dislocation damages or for the taking of Tenant's leasehold improvements. Tenant waives its right to and agrees that it shall not (i) make any other claim in or with respect to any condemnation or eminent domain proceedings whatsoever or otherwise, or (ii) make any claim against Landlord in any other action for the value of the unexpired portion of this Lease or the term hereof. Except as above specifically provided, the total amount of all condemnation awards shall be the sole and exclusive property of the Landlord, and Tenant shall not participate therein or in the negotiation thereof or have any rights whatsoever with respect to the awards or the proceeds of any such proceedings.

Section 3. In the event that any part of the PREMISES is taken in any condemnation or eminent domain proceedings and this Lease is not terminated pursuant to Section 1 hereof, then this Lease shall remain in full force and effect as to such remaining portion. Subject to the availability of the proceeds of any award for reconstruction and restoration, Landlord shall promptly reconstruct and restore the portion of the building upon the PREMISES remaining after such taking to the same condition as initially demised hereunder. In no event shall Landlord be obligated to expend any sums for such rebuilding or restoration in excess of the amount of money actually paid to and received by Landlord from any condemning authority, net of all expenses, which expenses shall include any payments required to be made to any mortgagee of the PREMISES under the terms of its mortgage. The balance of any such proceeds shall, after completion of restoration and reconstruction, be retained by Landlord.

ARTICLE 17

BANKRUPTCY/INSOLVENCY AND DEFAULT OF TENANT

Section 1. If, during the term of this Lease, Tenant shall materially default in performance of any of the covenants of this Lease (other than the covenants for the payment of Fixed Rent and/or Additional Rent), or if the PREMISES becomes vacant or deserted for a period of more than six (6) months, or if Tenant shall fail to move into or take possession of the PREMISES within fifteen (15) days after the Commencement Date, or if any executions or attachments shall be issued against Tenant or any of Tenant's property whereupon the PREMISES shall be taken or occupied by someone other than Tenant, then in any such event Landlord may give to Tenant notice of any default or of the happening of any contingency in this Article referred to, and if at the expiration of thirty (30) days after such notice is given the default or the contingency upon which said notice was based shall continue to exist, Landlord, at its option may terminate this Lease, and upon such termination Tenant will quit and surrender the PREMISES to Landlord, but Tenant shall nonetheless remain liable under the terms and conditions hereof as herein provided.

Section 2. If Tenant shall default in the payment of the Fixed Rent or Additional Rent, or any part of the same, and if such default shall continues for a period in excess of five (5) days and Landlord Notifies Tenant of same and Tenant does not pay within three (3) of its receipt of said notice, the delinquent and overdue amount, an additional late charge of five percent (5%) shall be due as provided in Article 30 below, and if at the end of five (5) business days after such notice is given the default in the payment of the Fixed Rent, Additional Rent or late charge shall continue to exist, Landlord may immediately thereafter terminate this Lease but Tenant shall nonetheless remain liable under the terms and conditions hereof as herein provided.

Section 3. Upon any termination of this Lease, Landlord or Landlord's agents and/or servants may immediately or at any time thereafter re-enter the PREMISES and remove all persons and all or any property therefrom either by summary proceedings or by any suitable action or proceedings at law and may repossess said PREMISES together with all additions and alterations thereto, without such re-entry and repossession working a forfeiture or waiver of the rents to be paid and the covenants to be performed by Tenant during the full term hereof. In the event of termination of this Lease by reason of the occurrence of any of the events described in this Article, or in the event of the termination of this Lease by summary proceedings or under provisions of law now or at any time hereafter in force by reason of or based upon or arising out of a default under or breach of this Lease on the part of Tenant, or upon Landlord's recovering possession of the PREMISES in any circumstances whatsoever, whether with or without legal proceedings, by reason of or based upon or arising out of a default under or breach of this lease on the part of Tenant, Landlord may, at its option, at any time and from time to time relet the PREMISES, or any part or parts thereof, for the account of Tenant or otherwise, and receive and collect the rents therefor, applying the same first to the payment of such expenses as Landlord may have incurred in recovering possession of the PREMISES, including the legal expenses and reasonable attorneys' fees, and expenses of putting the same into good order or condition or preparing or altering the same for re-rental and all other expenses, commissions and charges paid, assumed or incurred by Landlord in reletting the PREMISES or in connection with a termination of this Lease by reason of Tenant's default and then to the fulfillment of the

covenants of Tenant hereunder. Any such reletting herein provided for may be, at Landlord's option, for the remainder of the term of this Lease or for a longer or shorter period and/or for a higher or lower rent and/or with the granting of concessions, provided Landlord shall use reasonable efforts to obtain a reasonable rent and otherwise to mitigate its damages. In any such case and whether or not the PREMISES, or any part thereof be relet, Tenant shall pay to Landlord the Fixed Rent, Additional Rent and all other charges required to be paid by Tenant pursuant to this Lease up to the time of such termination of this Lease, or of such recovery of possession of the PREMISES by Landlord, as the case may be, together with such expenses as Landlord may incur for attorneys' fees, brokerage fees and the cost of putting the PREMISES in good order or for preparing same for re-rental, and thereafter Tenant covenants and agrees, if required by Landlord, to pay to Landlord until the expiration date of the term of this Lease, as herein provided, as and for liquidated damages the equivalent of the amount of all the Fixed Rent reserved herein, Additional Rent and all other charges required to be paid by Tenant, less the net avails of reletting, if any, and the same shall be due and payable by Tenant to Landlord on each of the Rent Days herein provided. In computing such liquidated damages there shall be added to the deficiency such expenses as Landlord may incur in connection with re-letting, such as legal expenses, attorneys' fees, brokerage, advertising, and for keeping the PREMISES in good order or for preparing the same for re-letting. Landlord shall be entitled to retain any overage received as a result of its re-letting of the PREMISES.

Section 4. No expiration or termination of the Lease term pursuant to the provisions of this Article or by operation of law, or otherwise (except as expressly provided herein), and no repossession of the PREMISES or any part thereof pursuant to this Article, or otherwise, shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession.

Section 5. If Tenant fails to pay any sums due Landlord pursuant to the provisions of this Lease, or perform any other material act on its part to be made or performed, as in this Lease provided, except as specifically provided to the contrary herein, then Tenant shall be deemed in default and Landlord may (but shall not be obligated to do so) terminate this Lease if such default shall continue for more than thirty (30) days after written notice thereof from Landlord, without waiving or releasing Tenant from any obligation of Tenant in this Lease contained, and/or Landlord may make payment or perform any other act on the part of Tenant to be made and performed, as in this Lease provided, in such manner and to such extent as Landlord may deem desirable, and in exercising any such rights Landlord may pay necessary and incidental and reasonable costs and expenses, employ counsel and incur and pay reasonable attorneys' fees. All sums so paid by Landlord and all necessary and incidental costs and expenses incurred by Landlord in connection with the performance of any such act by Landlord, together with interest computed thereon at the rate of twelve percent (12%) per annum (or the maximum legal rate of interest applicable to such obligations, if any, then prevailing, whichever shall be less), from the date of the making of such expenditure by Landlord shall be deemed Additional Rent hereunder and, unless otherwise expressly provided, shall be payable to Landlord upon demand or at the option of Landlord, may be added to Fixed Rent or Additional Rent then due or thereafter becoming due under this Lease, and Tenant covenants to pay any such sum or sums, with interest as aforesaid, and Landlord shall have, in addition to any other right or remedy, the same rights and remedies in the event of nonpayment thereof by Tenant as in the case of default by Tenant in the payment of Fixed Rent.

Section 6. If this Lease shall terminate by reason of the occurrence of any default of Tenant or any contingency mentioned in this Article, Landlord shall at its option and election be entitled, notwithstanding any other provision of this Lease, or any present or future law, to recover from Tenant or Tenant's estate (in lieu of all monetary claims against Tenant for damages, additional rents, impositions and other charges) as damages for loss of the bargain and not as a penalty, a lump sum which at the time of such termination of this Lease equals the then present worth of the Fixed Rent and all other charges payable by Tenant hereunder that were unpaid or would have accrued for the balance of the term, less the fair and reasonable rental value of the PREMISES as determined by any fact finder on a suit on same, for the balance of such term, such lump sum being discounted to the date of termination at the rate of ten percent (10%) per annum, unless any statute or rule of law governing the proceeding in which such damages are to be proved shall limit the amount of such claim capable of being so proved, in which case Landlord shall be entitled to prove as and for liquidated damages by reason of such breach and termination of this Lease, the maximum amount which may be allowed by or under any such statute or rule of law. Nothing herein contained shall limit or prejudice Landlord's right to prove and obtain as liquidated damages arising out of such breach or termination the maximum amount to be allowed by or under any such statute or rule of law which may govern the proceedings in which such damages are to be proved.

Section 7. No receipt of payment by Landlord from Tenant, after the termination of this Lease, as herein provided, shall reinstate, continue or extend the term or operate as a waiver of the right of Landlord to recover possession of the PREMISES, it being agreed that, upon termination, any and all payments collected shall be on account of Tenant's obligations hereunder.

ARTICLE 18

NOTICES

All notices, demands and requests which may or are required to be given to either party to the other shall be in writing and shall be served by personal service or by Federal Express or Express Mail. All notices, demands and requests by Landlord to Tenant shall be sent to Tenant at the PREMISES addressed attention to Ravi Vig, with a copy by regular mail to Fred Windover, general counsel, at 115 Northeast Cutoff, PO Box 15036, Worcester, MA 01615 and at such other place as Tenant may, from time to time, designate in a written notice to Landlord.

All notices, demands and requests by Tenant to the Landlord shall be sent to Landlord at address first shown above with a copy to Emile R. Bussiere, Jr. at 15 North Street in Manchester, NH 03104 or at such other place or to such other parties as Landlord may from time to time designate in written notice to Tenant.

ARTICLE 19

LESSER AMOUNT OF RENT

No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Fixed Rent and Additional Rent herein stipulated shall be deemed to be other than on account of the earliest Fixed Rent or Additional Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord

may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease or at law provided.

ARTICLE 20

QUIET ENJOYMENT

Section 1. Landlord covenants and agrees that it has and will have at the commencement of the term of this Lease full right and power to execute and perform this Lease and to grant the estate demised herein and the right to sell if the option is exercised. Landlord further covenants that it will not lease or use any other portion of the Premises throughout the term of this Lease.

Section 2. Landlord covenants and warrants that Tenant, upon paying the Fixed Rent, Additional Rent and all charges herein provided for and observing and keeping the covenants, agreements and conditions of this Lease on its part to be kept, shall lawfully and quietly hold, occupy and enjoy the PREMISES during the term of this Lease, without hindrance or molestation of Landlord or of any person or persons claiming under Landlord, and Landlord covenants and agrees that it will defend Tenant in such peaceful and quiet use and possession of the PREMISES against the claims of all such persons and corporations.

ARTICLE 21

LIMITATION OF LANDLORD'S LIABILITY

The term "Landlord" as used in this Lease, so far as covenants and/or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners at the time in question of the fee of the PREMISES and in the event of any transfer or transfers of the title to such fee Landlord herein named (and in the case of any subsequent transfers or conveyances the then grantor) shall be automatically freed and relieved from and after the date of such conveyance or transfer of all liability for the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed, provided that any funds in the hands of such Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be turned over to the grantee and any amount then due and payable to Tenant by Landlord or the then grantor under any provisions of this Lease, shall be paid to Tenant. Further, in the event of any transfer or transfers of title of such fee, whether by liquidation or otherwise, then, by such transfer, the transferee shall assume and accept all of the obligations of Landlord herein.

ARTICLE 22

ESTOPPEL NOTICES

Tenant agrees at any time and from time to time upon not less than ten (10) days prior written request by Landlord to execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications), the Commencement Date of the term hereof, the dates to which the Fixed Rent and other charges have been paid in advance, if any, and whether the Landlord is in default hereunder, it being

intended that any such statement delivered pursuant to this Article may be relied upon by any prospective purchaser of Landlord's interests herein.

ARTICLE 23

REMEDIES

The specified remedies to which Landlord and Tenant may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Landlord or Tenant may be lawfully entitled in case of any breach or threatened breach by Landlord or Tenant of any provisions of this Lease. The failure of Landlord or Tenant to insist in any one or more cases upon the strict performance of any of the covenants of this lease or to exercise any option herein contained shall not be construed as a waiver or a relinquishment for the future of such covenant or option. A receipt by Landlord of rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Landlord or Tenant of any provision of this Lease or of any breach shall be deemed to have been made unless expressed in writing and signed by Landlord or Tenant (as the case may be). In addition to the other remedies in this Lease provided, Landlord or Tenant shall be entitled to the restraint by injunction of the violation or attempted or threatened violation, of any of the covenants, or provisions of this Lease.

ARTICLE 24

UNAVOIDABLE DELAYS

In the event that Landlord or Tenant shall be delayed or prevented from performing any of its obligations pursuant to the provisions of this Lease (other than Tenant's obligation to pay money) due to governmental action, or lack thereof, or due to shortages of or unavailability of materials and/or supplies, labor disputes, strikes, slow downs, job actions, picketing, secondary boycotts, fire or other casualty, delays in transportation, acts of God, failure to comply or inability to comply with any orders or request of any governmental agencies or authorities, acts of declared or undeclared war, public disorder, riot or civil commotion, or due to any other cause beyond the reasonable control of such party, then such party shall in any or all such events be excused from its obligation to perform and comply with such provisions of this Lease for a period of time commensurate with any delay so caused, without any liability to the other party therefor whatsoever, and all time periods provided for herein for performance of any such obligations shall be extended for a period of time commensurate with any such delay.

ARTICLE 25

SUBORDINATION

Tenant covenants that its rights under this Lease are now and will be subordinate to the operations and effect of the mortgage now existing and/or any subsequent mortgage hereafter existing (all of which may be referred to in this Lease as "Mortgage") upon the PREMISES or any part or portion there of without any further written document from Tenant; however, Tenant agrees to execute any instrument required by Landlord in furtherance of the provisions hereof and provided that and any mortgagees or successor owners shall be bound by the terms of this lease unless same is in default.

ARTICLE 26

NOTICES OF DEFAULT

Tenant agrees that any default notice served upon Landlord shall also be served upon any mortgagee of the PREMISES, the name(s) of which Landlord shall have furnished to Tenant theretofore. Tenant further agrees that Landlord's mortgagee(s) shall have and be deemed to have the same period of time to cure any of Landlord's defaults pursuant to the provisions of this Lease as Landlord shall be granted pursuant to the provisions of this Lease.

ARTICLE 27

NOTICE OF LEASE

Upon the request of either of the parties hereto, the parties agree to execute a notice of this Lease for purposes of recording in the County in which the PREMISES are located, in the form required by law. Said notice shall not amend, alter or modify any of the terms, covenants or conditions of this Lease. The purpose of such form shall be to furnish notice of the existence of this Lease to any prospective purchasers or mortgagees of the PREMISES or assignees of the interests of either party hereto or to any other party having an interest in the PREMISES.

ARTICLE 28

USE

It is specifically understood and agreed that no part of the PREMISES shall, at any time, be used for any purpose other than general office, testing and light manufacturing, product development, warehousing, distribution and laboratory testing and that the use shall not emit or produce loud noises, vibrations, noxious fumes or odors that would constitute a nuisance to neighboring landowners and shall not constitute a nuisance or be unlawful.

ARTICLE 29

CONDITION OF PREMISES

The PREMISES are being leased by Landlord to Tenant, and shall be delivered to Tenant, in their present condition "as is" and Landlord shall not be obligated to perform any additional work of any type or nature whatsoever in connection with said PREMISES in order to prepare same for Tenant's use or occupancy, except as may be specified in Exhibit A. Tenant shall, at its own sole cost and expense, obtain any and all zoning and other governmental permits required in connection with the operation of its business in the PREMISES for the use(s) herein specified or permitted. Landlord represents that it is not aware of any specific permits required for Tenant's intended use of the Premises. Landlord further represents that to the best of its knowledge and consistent with its experience with the City of Manchester, the issuance of a Certificate of Occupancy is the equivalent of the City certifying that there are no code violations at the Premises.

ARTICLE 30

LATE CHARGES

In the event that any installation of Fixed Rent or Additional Rent shall be delinquent and overdue for a period in excess of five (5) days and Landlord Notifies Tenant of same and Tenant does not pay within three (3) of its receipt of said notice, the delinquent and overdue amount, a "late charge" of five cents ($.05) for each dollar ($1.00) so delinquent and overdue shall be due to Landlord for the purpose of defraying the Landlord's expenses incident to handling such delinquent payment. This charge shall be in addition to, and not in lieu of, any other remedy which the Landlord may have and is in addition to any reasonable fees and charges of any attorney which the Landlord may employ to enforce the Landlord's remedies in connection with any default hereunder, whether such remedy(ies) shall be authorized herein, or by law.

Such "late charge", if not previously paid, shall at the option of the Landlord, be added to and become a part of the succeeding monthly installment of Fixed Rent to be made under this Lease.

ARTICLE 31

MISCELLANEOUS

(a) The covenants and agreements herein contained shall bind and inure to the benefit of Landlord and Tenant, their heirs, executors, administrators, successors and assigns.

(b) If any provision of this Lease or the application thereof to any person or circumstance shall be invalid or unenforceable, the remainder of this Lease shall not be affected thereby.

(c) Whenever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and the neuter genders.

(d) The enumeration anywhere in this Lease of any right or remedy of either party shall not be construed as an exclusion or substitution of any other rights or remedies conferred under this Lease or applicable by law.

(e) This Lease shall not be modified or canceled except by a writing subscribed to by the parties.

(f) The submission of this Lease for examination does not constitute a reservation of or option for the PREMISES and this Lease becomes effective as a lease only upon execution and delivery thereof by Landlord and Tenant.

(g) This Lease shall be governed by and in accordance with the laws of the State of New Hampshire.

(h) Landlord acknowledges receipt of $100,000.00 paid by Tenant towards its initial rent obligations to be immediately credited against rent as same becomes due.

(i) As an additional remedy, Landlord shall, upon execution of this Lease, deposit $100,000.00 to be held in escrow by Tenant's counsel, Richard Kneeland, which may be used to complete agreed to fit-up as provided for in attachment "A" in the event that Landlord does not perform

the fit-up as agreed. This deposit shall be returned to Landlord sixty days after the Commencement Date.

(j) Landlord shall not lease any portion of the Premises to any third party.

(k) Tenant shall be permitted to move into the third floor of the Premises prior to the Commencement Date and shall be obligated to pay a proportionate share of Rent and Additional Rent upon such occupancy. Additional Rent during this period which is prior to the Commencement Date shall include Tenant's proportionate share of Landlord's costs of operating the Premises, including, insurance, taxes, utilities, water and sewer charges, maintenance, repairs and grounds-keeping.

ARTICLE 32

OPTION TO PURCHASE

During the 6 though 15 years of this lease, Tenant shall have the option to purchase the Premises. In years 6 through 10, the option to purchase price shall be $13,157,000.00 without the expansion space and $13,435,000.00 with the expansion space. In years 11 through 15, the option to purchase price shall be $14,412,000.00 without the expansion/build-out space and $14,689,000.00 with the expansion/build-out space.

The option to purchase as stated herein is assignable.

To exercise the option, Tenant shall notify Landlord of its intention to exercise same, a Purchase and Sales Agreement in standard form will be executed within 30 days thereafter and the closing shall take place within 60 days thereafter.

Upon such sale, the Landlord shall indemnify and hold harmless the Tenant from any and all costs incurred by Tenant on account of any Hazardous Waste as commonly defined by governmental agencies located upon the Premises at the time of the closing (date of transfer of fee interest from Landlord to Tenant) provided that Tenant did not generate or cause the waste to become present upon the Premises and provided further that Tenant does not directly request orders of any governmental authority to mandate a remediation or clean up plan unless same is required by law. This indemnification shall expire and be of no further force or effect on the Fifteenth Anniversary of the closing date (date of transfer of fee interest from Landlord to Tenant) on the Premises. Tenant acknowledges receipt of the following:

1. Sanders, A Lockheed Martin Company, ASTM Phase I, Environmental Resource Management, 955 Perimeter Road, Manchester, NH, dated May 10, 1999,

2. Engineering Evaluation of Contamination Report, Former Grenier Air Force Station, Manchester Airport, dated July 1997,

3. Draft, Supplemental Remedial Investigation at the Former Grenier Air Force Station, dated February 5, 1998.

The indemnification shall be limited to the cost of remediation which shall include any engineering plans, environmental consultant fees (including studies), testing fees, attorney fees, actual remediation, fines and shall not encompass such items as loss of value of premises unless the Landlord fails to perform the required remediation in reasonable dispatch.

ARTICLE 33

WAIVER OF SUBROGATION RIGHTS

The Tenant and Landlord hereby waive all rights of recovery against the other and the other's agents, employees or other representatives, for any loss, damages or injury of any nature whatsoever to property or persons for which the other is insured. The Tenant shall obtain from the insurance carriers providing insurance pursuant to the terms of this lease such waivers and Landlord shall procure such waivers from any additional insurance carrier covering the Premises or liabilities of Landlord with respect to the Premises.

ARTICLE 34

SURRENDER OF PREMISES

At the expiration of said term, the Tenant shall quit and surrender possession of the said PREMISES to the Landlord. The Landlord shall have the right during the last ninety (90) days of the term hereof to make a comprehensive inspection of the PREMISES. In the event any repairs must be made by Tenant the same shall be made prior to the expiration of the lease term.

ARTICLE 35

HOLDOVER

In the event Tenant does not surrender the PREMISES at the expiration of the term, Tenant's continued occupancy shall be subject to Landlord's rights to re-enter the PREMISES and remove all persons and any property therefrom either by summary proceedings or by any suitable action or proceedings at law or in equity. Nevertheless, Tenant, while it continues occupancy after the expiration of the term hereof, shall remain liable for all Fixed Rent, Additional Rent and charges payable hereunder as if the term had been extended, but during such period of occupancy the Fixed Rent shall be two (2) times what had been due hereunder prior to the expiration of the terms.

ARTICLE 36

GUARANTY

See guaranty attached hereto as exhibit "B". Tenant shall have the ability to terminate the guarantee attached hereto upon the placement of a cash escrow in the equal amount of the then Guaranteed Amount or a performance bond. The parties also agree to reasonably agree to other suitable substitutes for the guarantee.

ARTICLE 37

INVALIDITY OF PROVISIONS

If any term or provision of this Lease or the application hereof to any person or circumstance shall, to any extent, be invalid or unenforceable, or subsequently become invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law except to the extent that such invalidity causes a material change to the benefits and obligations hereunder.

ARTICLE 38

RENEWAL OPTIONS

Tenant shall have the option to renew the lease for three consecutive 5 year terms at a basic rental rate of Eighty Percent (80%) of the then fair market rental rate but in no event, less than the rate for the previous lease year. In order to exercise each option, Tenant shall notify Landlord in writing, of its decision to exercise the option prior to 6 months in advance of the termination of the then lease term, time being of the essence.

In order to determine the then fair market rental rate, the parties, if they can not agree, shall submit the issue to binding arbitration wherein each party will choose one arbitrator and the two arbitrators shall choose a third. The evidence of fair market rental value shall be submitted to the panel and a decision by the majority of the panel shall be binding upon the parties.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF these presents have been signed, sealed and delivered the day and year first above written.

ALLEGRO MICROSYSTEMS, INC.

/s/ Fred A. Windover	By: /s/ Dennis Fitzgerald
WITNESS	Dennis Fitzgerald, President

AIRTIGHT II, LLC

/s/ [illegible]	By: /s/ Arthur Sullivan
WITNESS	Arthur Sullivan, Member

EXHIBIT 10.15

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease, made and executed by and between:

The GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES, through its Trustee, the ASSET PRIVATIZATION TRUST, a government agency established under Proclamation No. 50 dated December 8, 1986, as amended, with principal office at the NDMC Bldg., 104 Gamboa St., Legaspi Village, Makati City, represented herein by Atty. RENATO B. VALDECANTOS, Chief Executive Trustee (hereinafter referred to as the "LESSOR");

-and-

ALLEGRO MICROSYSTEMS PHILIPPINES, INC., a corporation duly organized and existing under Philippine laws with principal place of business at Km. 15, South Superhighway, Paranaque, Metro Manila, represented herein by MR. FRANCISCO N. MEROY, JR., Director of Finance, Administration and Human Resources, (hereinafter referred to as the "LESSEE").

WITNESSETH: That

WHEREAS, to secure its obligations to the Philippine National Bank ("PNB"), the Delta Motors Corporation ("DMC") mortgaged several properties including a parcel of land and a portion of the Parking-Parts Depot Building constructed thereon situated at the Southwest portion of the Delta Automotive Plant compound located at km. 16, South Superhighway, Paranaque, Metro Manila (the "PROPERTIES") particularly identified in Annex "A" attached hereto and made an integral part hereof;

WHEREAS, for failure of DMC to pay its obligations, PNB foreclosed on the PROPERTIES and acquired the same at a foreclosure sale;

WHEREAS, pursuant to Proclamation No. 50, as amended, as implemented by Administrative Order No. 14 issued on February 3, 1987 (Approving the Identification of and Transfer to the National Government of Certain Assets and Liabilities of the Development Bank of the Philippines and the Philippine National Bank) and the Deed of Transfer dated February 27, 1987, executed between the National Government and PNB, PNB's ownership and interest over the PROPERTIES were transferred to the National Government for privatization or disposition to the LESSOR in behalf of the National Government;

WHEREAS, pursuant to Section 2(2.01) of the Contracts of Lease dated February 21, 1986 and January 30, 1989 by and between the LESSEE and PNB and APT and the LESSEE, respectively, the APT Board of Trustees in its regular meeting held on July 7, 1999, confirmed the resolution dated October 15, 1998 of the previous Board of Trustees approving the renewal of the above-stated Contracts of Lease.

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereby agree and bind themselves as follows:

Section 1. SUBJECT MATTER OF LEASE

1.01 The LESSOR hereby leases to the LESSEE and the LESSEE hereby leases from the LESSOR:

(a) That portion of the PROPERTIES with an aggregate area of 7,663.45 square meters, consisting of 1,530 square meters of office and factory space, 4,365.45 square meters of warehouse space, and 1,715 square meters of open space which correspond to the shaded portion of the diagram of the PROPERTIES in Annex "A"; and

(b) That portion of the PROPERTIES with an aggregate area of 2,913.5 square meters, consisting of 2,297 square meters of warehouse space and 616.5 square meters of open space which correspond to the shaded portion of the diagram of the PROPERTIES in Annex "B" hereof.

(both properties identified in (a) and (b) above are hereinafter collectively referred to as the "Leased Premises").

The LESSOR or its successor-in-interest shall have the sole power to determine which portions of the Leased Premises shall be classified as office or factory space, warehouse space and/or open space. The classification made by the LESSOR shall be binding and conclusive on the LESSEE.

Section 2. TERM OF THE LEASE: RENEWAL AND PRETERMINATION

2.01 This Contract of Lease shall be for a period of ten (10) years beginning retroactively on February 21, 1996 and ending on February 20, 2006, renewable for another period of five (5) years (hereinafter referred to as the "Renewal Period"); PROVIDED, HOWEVER, that (i) the LESSEE shall have given the LESSOR or its successor-in-interest written notice of its intention to renew the Lease at least sixty (60) calendar days prior to the expiration of the lease and (ii) the LESSOR or its successor-in-interest and the LESSEE shall have agreed on the rental fees to be based on the prevailing rental rates for similar properties in Paranaque, Metro Manila; PROVIDED, FURTHER, that if the LESSOR or its successor-in-interest and the LESSEE fail to agree on the rental fee within thirty (30) calendar days from the date the LESSOR or its successor-in-interest receives the LESSEE's written notice of renewal,

the determination of the rental fee shall be referred to a three-man panel composed of licensed real estate brokers or dealers ("Panel"). Within five (5) calendar days after the lapse of the thirty-day period referred to herein, the LESSOR or its successor-in-interest and the LESSEE shall each designate their respective representative to the Panel who in turn shall select, within five (5) calendar days from receipt of notice of their designation, the third member of the Panel. The decision of the majority of the members of the Panel shall be conclusive and binding on the parties hereto and shall not be appealable or be subject to modification; Provided that if no majority decision is reached by the members of the Panel, the decision of the third member shall be deemed and shall have the same effect as the decision of the majority of the members of the Panel. Expenses incurred in connection with the constitution and proceedings of the Panel up to a maximum of P50,000.00 shall be shared equally by the parties and any amount in excess thereof shall be for the account of the LESSEE.

2.02 The LESSEE may terminate the lease upon three (3) months prior written notice to the LESSOR or its successor-in-interest.

Section 3. RENTAL FEES

3.01 During the term of the lease, the LESSEE shall pay to the LESSOR or its successor-in-interest, at its office address on or before the tenth calendar day of each month, without need of a demand, a monthly rental as follows:

Year	Monthly Rental
Year one to five (February 21, 1996 to February 20, 2001)	P450,000.00
Year six	500,000.00
Year seven	550,000.00
Year eight	605,000.00
Year nine	665,500.00
Year ten	732,000.00

3.02 The corresponding back rental from February 1996 up to the execution of this contract of lease shall be paid by the LESSEE immediately, without need of demand, upon the execution hereof;

3.03 The rental fee for the Renewal Period shall be fixed by agreement between the LESSOR or its successor-in-interest and the LESSEE and shall be based on the reclassification of the Leased Premises to be made by the LESSOR or its successor-in-interest depending on the actual use or the nature of portions of the Leased Premises at the time of renewal of the lease. In

the event that the parties cannot agree on the rental fee for the Renewal Period, they shall resort to the procedure in 2.01.

3.04 In the case of non-payment by the LESSEE of the monthly rental as and when due, the LESSEE shall pay to the LESSOR or its successor-in-interest a penalty at the rate of three percent (3%) per month on the unpaid amount. The penalty charged shall accrue from the date of non-payment to, but not including, the date when the defaulted amount is paid in full. The payment of the penalty shall be without prejudice to the exercise by the LESSOR or its successor-in-interest of its right under Section 12 hereof.

Section 4. CARE AND USE OF LEASED PREMISES

4.01 The LESSEE shall take care of the Leased Premises with the diligence of a good father of a family. The LESSEE shall be responsible, at its own expense, for keeping the Leased Premises in good condition so that upon the expiration of the Lease, the LESSEE shall surrender and return the Leased Premises in good order and in the same condition as they were actually found at the beginning of the lease.

Expenses for the repair of the water pump mentioned in Section 8.02 herein shall be shared equally by the LESSOR or its successor-in-interest and the LESSEE.

4.02 The LESSEE shall not introduce, keep or store in the Leased Premises highly inflammable or explosive materials nor install therein any apparatus, machinery or equipment which may expose the Leased Premises to fire or increase the fire hazard thereof or change the insurance rates applicable thereto; nor shall the LESSEE introduce, keep or store in the Leased Premises any other article which the LESSOR or its successor-in-interest may reasonably prohibit. The LESSEE shall not carry on or permit upon the Leased Premises any trade or occupation or suffer to be done any other thing which may expose the Leased Premises to fire hazard or render any increase or extra premium payable for insurance of the building against fire, earthquake and the like, or which may make void or voidable the whole or part of any policy of such insurance.

4.03 The LESSEE shall use the point along Marinar Drive for ingress to and egress from the Leased Premises. The LESSOR or its successor-in-interest, however, agrees to allow ingress to and egress from the Leased Premises through other locations in emergency situations as advised by the LESSEE.

The LESSEE shall allow the LESSOR or its representatives or assigns ingress and egress along the existing passageway which will now form part of the properties to be leased (Annex "A" hereof), upon prior notice by the LESSEE.

Section 5. INSURANCE

5.01 The LESSEE shall insure the Leased Premises at its own expense including the improvements it introduced on the Leased Premises (including movable machinery, equipment and accessories owned by the LESSEE and installed on the Leased Premises).

Section 6. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

6.01 The LESSEE shall, at its own expense, comply with all laws, ordinances, governmental rules and regulations affecting or pertaining to the use of the Leased Premises.

6.02 The LESSEE shall indemnify and hold harmless the LESSOR or its successor-in-interest against all actions, suits, damages and claims occasioned by the LESSEE or its duly authorized representative by reason of its violation or non-observance of or non-compliance with any of the laws, ordinances and governmental rules and regulations.

Section 7. INSPECTION OF LEASED PREMISES

The LESSOR or its duly authorized representatives, at any time during business hours, shall have the right to enter the Leased Premises for the purpose of inspecting the condition thereof.

Section 8. PUBLIC UTILITIES

8.01 During the effectivity of this Contract, the LESSEE shall fully and promptly pay all expenses for water, electricity, telephone, or garbage disposal and other public utility services used and/or consumed by the LESSEE in the Leased Premises.

8.02 The LESSOR warrants that during the term of the Lease, the LESSEE shall have access for a fee to the water supply from the LESSOR's water pump located within the DMC II Compound, the location of which is more particularly identified in Annex "A" hereto.

Section 9. IMPROVEMENTS : ALTERATIONS

9.01 The LESSEE may make any alteration, addition or improvements on the Leased Premises; Provided that such alternation, addition or improvements shall not diminish the value of the Leased Premises nor adversely affect the structural integrity of the building. Such alteration, addition or improvements on the Leased Premises shall be subject to the prior written consent of the LESSOR or its successor-in-interest, which consent must be given by the LESSOR or its successor-in-interest within forty five (45) days from the date of receipt of the LESSEE's request. If the LESSOR or its successor-in-interest fails to communicate its decision on the LESSEE's request within said period, the LESSOR or its successor-in-interest shall be deemed to have approved the LESSEE's request. Such alterations, additions or improvements on the Leased Premises shall become the property of the LESSOR or its successor-in-interest upon termination of the lease; Provided, however, that movables, machineries, equipment and accessories installed on the Leased Premises shall remain properties of the LESSEE and shall, upon expiration of the lease, be removed by the LESSEE from the Leased Premises; Provided that should the removal cause damage or injury to the Leased Premises, the LESSEE shall at its own expense promptly repair and restore the Leased Premises to a condition as good as or better than that which existed prior to such damage or injury. Without in any way affecting the LESSEE's obligation to repair the damage or injury, the LESSEE shall deposit with the LESSOR or its successor-in-interest on or before the date of removal of the movables and the

machineries and equipment installed by the LESSEE on the leased Premises the amount of ONE HUNDRED THOUSAND PESOS (P100,000.00), Philippine Currency, either in the form of cash or manager's check to cover the estimated cost of repairing any damage or injury which may be caused to the Leased Premises by reason of such removal. Such deposit shall be refunded by the LESSOR or its successor-in-interest to the LESSEE upon acceptance by the LESSOR or its successor-in-interest of the repaired Leased Premises.

Section 10. ASSIGNMENT AND SUB-LEASE

The LESSEE shall not assign or transfer its rights in this Contract or sublease all or any part of the Leased Premises without the prior written consent of the LESSOR or its successor-in-interest, and no right, title or interest thereto or therein shall be conferred on or vested in anyone other than the LESSEE without such written consent.

Section 11. EVENTS OF DEFAULT

Upon the occurrence of any of the following events:

(a) The LESSEE fails to pay the rental for any particular month within fifteen (15) calendar days from the first day of the month;

(b) The LESSEE fails to perform or violates any of the terms and conditions of this Contract, and such failure or violation remains unremedied for a period of thirty (30) calendar days from the date the LESSOR or its successor-in-interest sends written notice to the LESSEE with respect thereto,

(then and in any such event), the LESSOR or its successor-in-interest may, by written notice to the LESSEE, declare this Contract terminated and cancelled and recover from the LESSEE the possession of the Leased Premises.

Upon the termination or cancellation of this Contract, the LESSEE shall immediately surrender the Leased Premises to the LESSOR or its authorized representatives in accordance with Section 12 hereof. In addition, the LESSEE shall pay the LESSOR or its successor-in-interest (i) all accrued and unpaid rents, plus the penalty charge mentioned in Section 3.03 hereof; (ii) all expenses paid by the LESSOR or its successor-in-interest under Section 6; (iii) all expenses incurred by the LESSOR or its successor-in-interest in repossessing and repairing the Leased Premises; and (iv) any other damages suffered by the LESSOR or its successor-in-interest due to the default of the LESSEE.

The foregoing remedies shall be without prejudice to any other rights or remedies of the LESSOR or its successor-in-interest under the law.

Section 12. RETURN OF LEASED PREMISES

Upon the termination or cancellation of this Contract, the LESSEE shall return and surrender the Leased Premises to the LESSOR or its authorized representatives free from any liens or encumbrances, in as good a condition as reasonable wear and tear will permit and without delay whatsoever, devoid of all occupants, furniture, machineries, equipment, articles and effects of any kind, other than such additions or improvements which pertain to the LESSOR or its successor-in-interest in accordance with the provisions of Section 9 hereof.

Section 13. ARBITRATION

All disputes, questions or differences (except determination of rental fee during the Renewal Period and/or failure of the LESSEE to pay rentals to the LESSOR or its successor-in-interest) which may at any time arise between the parties hereto in connection with or relating to this Contract or the subject matter hereof, including within fifteen (15) days from receipt of the written notice of the party applying. The two arbitrators so selected shall, within fifteen (15) calendar days following the naming of the second arbitrator, name a third arbitrator in order to form the said Arbitration Tribunal; Provided, that in the event that the two arbitrators so selected cannot agree on a third arbitrator within the stipulated period, such third arbitrator shall be selected by the President of the Philippine Chapter of the International Chamber of Commerce. The three (3) arbitrators shall investigate the case submitted as soon as the third arbitrator is selected in the manner provided above. The Arbitration Tribunal shall first endeavor to arrive at the conciliation of the parties. If no conciliation is possible, the Tribunal shall be bound to pronounce a majority decision within forty five (45) calendar days from the selection of the third arbitrator. The Tribunal shall apply Philippine Law in adjudicating the dispute. The decision of a majority of the members of the Arbitration Tribunal shall be valid, binding, final and conclusive upon the parties and from which there will be no appeal, subject to the provisions on vacating, modifying or correcting an award under the Philippine Arbitration Law (Republic Act No. 878). Except for failure of the LESSEE to pay rental or the occurrence of other events of default, neither party shall be deemed to be in default or breach under this Contract if a bonafide dispute with respect to the existence of a default or breach has arisen between the parties and such dispute has been submitted by either party to arbitration.

Section 14. NON-WAIVER

The failure of the LESSOR or its successor-in-interest to insist upon a strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of any rights or remedy that a LESSOR or its successor-in-interest may have; nor shall it be construed as a waiver of any subsequent breach or default of the terms, conditions and covenants hereof, which terms and conditions and covenants shall continue to be in full force and effect. No waiver by the LESSOR or its successor-in-interest of any of its rights under this Contract shall be deemed to have been made unless expressed in writing and signed by the LESSOR or its successor-in-interest.

Section 15. CUMULATIVE RIGHTS

Each and every right or remedy granted to the LESSOR or its successor-in-interest under this Contract or in any other documents executed in connection herewith or under any law or in equity shall be cumulative and not exclusive of any rights or remedies provided by law and may be exercised from time to time.

Section 16. DIVISIBILITY OF CONTRACT

If any one or more of the provisions or stipulations contained in this Contract or any document executed in connection herewith shall be declared invalid, illegal or unenforceable in any respect by final judgment of any competent court, the validity, legality, and enforceability of the remaining provisions of stipulations contained herein shall not in any way be affected or impaired.

Section 17. BINDING EFFECT OF CONTRACT

This Contract shall be binding not only between the parties hereto but also upon their respective successors-in-interest and assigns.

Section 18. OPTION TO SELL

Consonant with its mandate, the LESSOR or its successor-in-interest reserves the right to sell or dispose of the Leased Premises during the effectivity of this Contract.

Section 19. AMENDMENT: SUPPLEMENT

At any time and from time to time, the parties hereto may execute a supplement or amendment hereto for the purpose of adding provisions to, or changing or eliminating provisions of, this Contract.

Section 20. REGISTRATION

The LESSEE may at its option cause this Contract of Lease to be registered with the proper Register of Deeds and annotated on the Certificate of Title covering the Leased Premises and the parcel of land where the water pump mentioned in Section 8.02 is located. All costs and expenses for the registration of this Contract of Lease shall be for the account of the LESSEE.

IN WITNESS WHEREOF, the parties have signed this Contract of Lease this __ day of October, 2000 at Makati City, Philippines.

ASSET PRIVATIZATION TRUST (for and in behalf of the Government of the Philippines) (LESSOR)	ALLEGRO MICROSYSTEMS PHILIPPINES, INC. (LESSEE)
By: /s/ Renato B. Valdecantos	By: /s/ Francisco N. Meroy, Jr.
RENATO B. VALDECANTOS	FRANCISCO N. MEROY, JR.
Chief Executive Trustee	Director of Finance, Administration and Human Resources

Signed in the presence of:

/s/ [illegible]	/s/ [illegible]

EXHIBIT 10.16

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENT:

This Contract of Lease (this "Contract") made and executive this 1st day of April 2004 at Paranaque City, by and between:

ALLEGRO MICROSYSTEMS PHILS, REALTY, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at the 9th Floor Common Goal Tower, Industry cor. Finance Sts., Madrigal Business Park, Alabang, represented herein by its duly authorized President, Mr. Francisco N. Meroy, Jr., hereinafter referred to as the LESSOR;

and

ALLEGRO MICROSYSTEMS PHILIPPINES, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at the 9th Floor Common Goal Tower, Industry cor. Finance Sts., Madrigal Business Park, Alabang, represented herein by its duly authorized President, Frederick Reiersen, hereinafter referred to as the LESSEE;

WITNESSETH:

WHEREAS, the LESSOR is the registered owner of a parcel of land, with an approximate area of Five Thousand Five hundred (5,005) sq.m. more or less, situated at Paranaque City, covered by Transfer Certificate of Title No. 158614 of the Registry of Deeds for the City of Paranaque, a copy of which is attached herewith as Annex "A" (hereinafter the "Leased Premises");

WHEREAS, the LESSOR has offered for lease and the LESSEE desires to lease the Leased Premises;

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants contained herein, the LESSOR hereby leases upon the LESSEE the Leased Premises and the LESSEE hereby accepts the same, under the following terms and conditions:

1. TERM OF LEASE. This lease shall be for a period of fifty (50) years commencing on 1 April 2004 to 31 March 2054, renewable for another twenty-five (25) years by giving written notice to renew at least ninety (90) days prior to the expiration of the original fifty-year term, upon terms and conditions mutually agreed by the parties.

2. RENTALS. The LESSOR shall pay annual rentals in the amount of Five Million One Hundred Five Thousand One Hundred Pesos (P 5,105,100.00) payable in advance within five (5) days from the start of the year, exclusive of VAT. The annual rentals shall be subject to escalation equivalent to one percent (1%) at the end of every live (5) years.

3. REAL ESTATE TAXES. All real estate taxes levied or assessed or those which may thereafter be levied or assessed on the Leased Premises, including real estate taxes assessed on the improvements introduced by the LESSEE on the Leased Premises shall be for the account of the LESSEE for the duration of the lease.

4. SECURITY DEPOSIT. Upon signing of this Contract and upon delivery of the LESSOR of the Leased Premises to the LESSEE, the LESSEE shall remit the sum of Four Hundred Twenty-Five Thousand Four Hundred Twenty-Five Pesos (P425,425.00) (the "Security Deposit"). The Security Deposit shall remain intact during the entire term of this lease and shall not be applied by the LESSOR as payment for rentals, but shall serve as security to answer for any unpaid utility bills, charges and other obligations due to the LESSOR under this Contract, and real property taxes due on the improvements introduced by the LESSEE, which are payable by the LESSEE at the termination or expiration of this Contract. The Security Deposit shall be refunded by the LESSOR and returned to the LESSEE, within thirty (30) days after the expiration or termination of this Contract and after presentation by the LESSEE to the LESSOR of proof that the former has paid all of its utility bills and real property taxes, if any, and provided that the LESSEE has vacated the Leased Premises.

5. USE OF THE LEASED PREMISES/SUB-LEASE. The LESSEE shall use the Leased Premises for any lawful purpose. The LESSEE shall have the right to sub-lease all or any portion of the Leased Premises to any third party, upon written notice thereof to the LESSOR.

6. ALTERATIONS/IMPROVEMENT. The LESSEE shall have the right to erect upon the Leased Premises a laboratory, warehouse, office building, and install such machinery, facilities and equipment as it may consider necessary for the operation of their business thereon, without the need of the consent of the LESSOR, provided that the improvements installed are necessary and appropriate for the use or purpose provided in paragraph 5 hereof.

Upon the expiration or termination of this Contract, permanent physical improvements introduced by the LESSEE on the Leased Premises during the term of this Contract, excluding those improvements made on the existing building owned by the LESSEE, which cannot be removed therefrom without damage to such improvements and to the Leased Premises, shall vest in and become the property of the LESSOR without obligation on the part of the LESSOR to refund its value or cost to the LESSEE. Unless the parties agree to another extension of the term of the lease, the LESSOR shall purchase the aforementioned existing building and the permanent improvements thereon from the LESSEE at the depreciated value at the time of the aforementioned expiration or termination of Contract.

7. UTILITIES AND SERVICES. Payment of all utilities bills, including electric, telephone, and water bills, if any, shall be for the account of the LESSEE.

8. OPTION TO PURCHASE. Should the LESSOR decide to sell the Leased Premises, the LESSEE shall be granted the first option to purchase the Leased Premises at the same terms and conditions as offered by the LESSOR to a third party, and such option shall be exercisable by the LESSEE within sixty (60) days from receipt by the LESSEE of written notice

of LESSOR's intention to sell or transfer the Leased Premises. The LESSEE shall have the right to assign its option to purchase the Leased Premises to a qualified designee.

9. SALE OR ENCUMBRANCE OR PREMISES. In the event of a sale, transfer, or mortgage or any encumbrance of the Leased Premises to any person other than the LESSEE, the LESSOR shall warrant and ensure that the purchaser, transferee, mortgagee or person in whose favor the encumbrance is constituted shall respect all the terms and conditions of this Contract, including the provision for renewal thereof. To this end, the LESSOR shall cause the pertinent deed or agreement with such person to reflect this foregoing commitment.

10. TERMINATION. (a)The LESSOR shall have the right to terminate this Contract upon a thirty (30) day prior written notice to the LESSEE in any of the following instances:

(i) the LESSEE fails to pay rentals; or

(ii) in the event of any violation by the LESSEE of the terms and conditions stipulated in this Contract and the LESSEE fails to rectify or remedy the default within sixty (60) days from its receipt of written demand from the LESSOR.

(b) The LESSEE shall have the option to terminate this Contract upon a thirty (30) day written prior notice to the LESSOR in the event of any breach by the LESSOR of this Contract, and the LESSOR fails to rectify or remedy such breach or default within sixty (60) days from its receipt of the written demand of LESSEE.

(c) Should the LESSEE decide to pre-terminate this Contract without just cause, the LESSEE shall forfeit as liquidated damages in favor of the LESSOR the Security Deposit and LESSOR is without further recourse of any other remedy at law or in equity.

(d) In the event of termination by the LESSOR of this Contract for causes under (a), the LESSEE shall forfeit the Security Deposit as liquidated damages in favor of the LESSOR.

11. RETURN OF PREMISES. Upon expiration or termination of this Contract, the LESSEE shall immediately vacate the Leased Premises and peacefully surrender complete possession thereof to the LESSOR, devoid of all occupants, furniture, articles and effects of any kind, in the same good and tenantable condition, normal wear and tear excepted and other than for such alterations, additions or improvements which pertain to the LESSOR in accordance with the provisions of Paragraph 6 hereof.

12. ENTIRE AGREEMENT. This Contract represents the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior expression of intent, representation or warranty with respect to this transaction. This Contract may only be modified by an instrument in writing signed by both parties.

13. ARBITRATION AND VENUE. The parties agree to settle any and all disputes by binding arbitration in accordance with the rules of the Philippine Dispute Resolution Center, Inc. In the event that the LESSOR initiates arbitration proceedings, venue for arbitration shall be the Commonwealth of Massachusetts, U.S.A. and in the event that the LESSEE initiates arbitration proceedings, the venue for arbitration shall be Manila, Philippines.

14. SEVERABILITY. If any one or more of the provisions of this Contract is declared invalid or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions contained therein shall not in any way be affected or impaired.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures on the date and place first above stated.

ALLEGRO MICROSYSTEMS PHILIPPINES REALTY, INC. (LESSOR)	ALLEGRO MICROSYSTEMS PHILIPPINES, INC. (LESSEE)
By: /s/ Francisco N. Meroy, Jr.	By: /s/ Frederick Reiersen
FRANCISCO N. MEROY, JR.	FREDERICK REIERSEN

Signed in the presence of:

/s/ [illegible]	/s/ [illegible]

ACKNOWLEDGMENT:

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

BEFORE ME, a Notary Public for and in the CITY of MAKATI, this APR 01, 2004, personally appeared:

Name	Community Tax Cert. No.	Date/Place Issued
Francisco N. Meroy, Jr.	22655674	01-20-04 Paranaque
Frederick D. Reiersen	22683025	02-18-04 Paranaque

known to me and to me known to be the same persons who executed the foregoing Contract of Lease and who acknowledged to me that the same is their free and voluntary act and deed as well as that of the corporation they represent.

WITNESS MY HAND AND SEAL on the date and place first above written.

Doc. No. 333 ;
Page No. 68 ;
Book No. III ;
Series of 2004.

/s/ Joselito M. Bautista

JOSELITO M. BAUTISTA
Notary Public
Until December 31, 2004
PTR #8807700-1/31/04-Makati City
Dtd. [illegible]

ALLEGRO MICROSYSTEMS PHILS. REALTY INC.

RENT INCOME

Year Covered		Total Rent/5 Rent/Year (1% Escalation every 5 years)	Years (1% Escalation every 5 years)		Income Per Rental Income (as of February 2005)	IAS 17 (every 5 years)	Variance
From	To						
April 1, 2004	February 28, 2005	4,679,675.00	A.) P 425425 x 11 months		4,679,675.00	4,903,774.92	224,099.92
March 31, 2005	March 31, 2009	5,105,100.00	20,845,825.00	B.) Rental Income for the next 49 months		27,193,660.92	
April 1, 2009	March 31, 2014	5,156,151.00	25,780,755.00			26,747,863.20	
April 1, 2014	March 31, 2019	5,207,712.51	26,038,562.55			26,747,863.20	
April 1, 2019	March 31, 2024	5,259,789.64	26,298,948.18			26,747,863.20	
April 1, 2024	March 31, 2029	5,312,387.53	26,561,937.66			26,747,863.20	
April 1, 2029	March 31, 2034	5,365,511.41	26,827,557.03			26,747,863.20	
April 1, 2034	March 31, 2039	5,419,166.52	27,095,832.60			26,747,863.20	
April 1, 2039	March 31, 2044	5,473,358.19	27,366,790.93			26,747,863.20	
April 1, 2044	March 31, 2049	5,528,091.77	27,640,458.84			26,747,863.20	
April 1, 2049	March 31, 2054	5,583,372.69	27,916,863.43			26,747,863.20	
Total Income		267,053,206.22			272,828,204.64		
Total Months Covered (Per Contract)							
Total Monthly Income Per IAS 17					445,088.68		

Notes:

1. Caption A.) represents rental income for the first 11 months
   B.) rental income for the succeeding 61 months
2. Rental accelerates @1% every five (5) years as per contract
3. Total monthly income per IAS 17

Total income per contract	267,053,206.22
Divided by: total months per contract (50yrs x 12)	600
Total Income per IAS 17	445,088.68

SN No. 7284913 REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
Land Registration Authority
QUEZON CITY

REGISTRY OF DEEDS FOR THE PARANAQUE CITY

Transfer Certificate of Title

No. -158614-

IT IS HEREBY CERTIFIED that certain land situated in the CITY OF PARANAGUE PHILIPPINES bounded and described as follows:

A parcel of land (Lot 1-A, of the subd. plan Psd-00-064382, being a portion of Lot 1, Pos-13-002559, LRC Rec. No. N-13814, etc.) situated in Bgy. of La Huerta, Paranaque City, Metro Manila, Is. of Luzon. Bounded on the NE., along lines 1-2-3-4-5 by Lot 2, on the SE & NE., along lines 5-6-7 by Lot 3, both of Pcs-13-002559, on the South along line 7-8 by Psu-172639, and on the SW & NE., along line 8-9 by Lot 1-C (Right of Way 8,00 m.w.) and along lines 9-10-1 by Lot 1-B both of the subd. plan. Beginning at a point marked "1" on plan being S. 80 deg. 01'E., 5432.07 m. from BLLM No. 1, Paranaque Cad. N. 8 deg. 59'E., 37.65 m. to point 2; S. 27 deg. 48'E., 15.80 m. to point 3; --

is registered in accordance with the provisions of the Property Registration Decree in the name of

ALLEGRO MICROSYSTEMS PHILIPPINES REALTY, INC., a corp. duly organized and existing under and by a virtue of the Phil. laws

as owner thereof in fee simple, subject to such of the encumbrances mentioned in Section 44 of said Decree as may be subsisting, and to

IT IS FURTHER CERTIFIED that said land was originally registered on the 26th, etc. day of March, etc, in the year nineteen hundred and 58, etc in the Registration Book of the Office of the Register of Deeds of Rizal, Volume A-48, etc page 103 etc, as Original Certificate of Title No. 1479, etc, pursuant to Decree No. _____, issued in L.R.C. _____ Record No. N-13814, etc in the name of _____.

This certificate is a transfer from Transfer Certificate of Title No. 158089/T-791, which is cancelled by virtue hereof in so far as the above-described land is concerned.

Entered at Paranaque City
Philippines, on the 10th day of MARCH
[seal affixed] in the year two thousand and four at
1:50 p.m.

ATTEST:

9/F, Common Goal Tower, Finance cor. RAYMOND C. RAMOS 0312
Industry Sts. Madrigal Business Park, ----------
Alabang, Muntinlupa City (Register of Deeds)
- ----------
(Owner & postal address)

*State the civil status, name of spouse if married, age if a minor, citizenship and residence of the registered owner. If the owner is a married woman, state also the citizenship of her husband. If the land is registered in the name of the conjugal partnership, state the citizenship of both spouses.

MEMORANDUM OF ENCUMBRANCES
(When necessary use this page for the continuation of the technical description)

Entry No. Cont. of TD

S. 06 deg. 19'E., 26.38 m. to point 4; S. 12 deg. 44'E., 46.57 m. to point 5;
S. 83 deg. 14'W., 50.01 m. to point 6; S. 09 deg. 42'E., 65.06 m. to point 7;
S. 89 deg. 51'W., 9.59 m. to point 8; N. 06 deg. 16'W., 8.05 m. to point 9;
N. 06 deg. 16'W., 144.64 m. to point 10; N. 84 deg. 59'E., 6.96 m. to point
of beginning containing an area of FIVE THOUSAND FIVE (5,005) SQ. METERS,
more or less. All points referred to are indicated on the plan and are marked on
the ground by PS cyl. conc. mons. 15x40 cm; except points 1,2,3,4,5,6 & 7 by old
PS cyl. conc. mons. 15x60 cm; bearings true date of the original survey August
16, 1957 (Paranaque Cad.) that of the subd. survey on July 2, 2003 and approved
on Dec. 15, 2003.x-x-x-x

/s/ Raymond G. Ramos

RAYMOND G. RAMOS
Registrar of Deeds

(Memorandum of Encumbrances continued on Page ..... -B)
(Technical Description continued on Additional Sheet ..... Page .....-)

.....
Register of Deeds

EXHIBIT 10.17

LOAN AGREEMENT

between

ALLEGRO MICROSYSTEMS, INC.

and

SANKEN ELECTRIC CO., LTD.

Dated as of April 12, 2004

LOAN AGREEMENT

Dated as of April 12, 2004

Allegro MicroSystems, Inc., a U.S. corporation ("AMI"), and Sanken Electric Co., Ltd., a Japanese corporation ("JSK"), hereby agrees as follows:

1. The Loan. Subject to the terms and conditions of this Agreement, JSK hereby lends to AMI, and AMI hereby borrows from JSK, US $6,000,000 on April 12, 2004 (the "Loan").

2. Repayment of Loan. The Loan shall be repaid in half yearly installments according to the attached repayment schedule. JSK shall accept an early paying off the Loan by AMI anytime with no penalty.

3. Interest. Interest shall accrue on the unpaid principal balance as follows: The interest rate for the Loan is equal to the announced 3-month Tokyo Inter Bank Offered Rate (TIBOR) in Japan + 0.5% spread that is in effect on April 12, 2004. The rate shall be changed to new 3-month TIBOR + 0.5% spread every three months.

4. Payment of Interest. An accrued interest shall be paid on October 12 and April 12 every year, from October12, 2005 to April 12, 2010.

5. Manner of Payment. Payments of principal and interest shall be made in an U.S. Dollar in immediately available funds. Payments shall be remitted to JSK's account #68910 at The Resona Bank, Ltd., Ikebukuro Branch.

6. Unsecured Loan. Any assets of AMI or other collateral do not secure this Loan.

7. No Separate Note. This Loan is not evidenced by a separate promissory note. This Agreement itself shall constitute evidence of indebtedness.

8. Acceleration. In the event that AMI should fail to make timely payments of principal or interest pursuant to this agreement, and such default is not cured within ten days, then, as JSK's option, JSK may declare the entire outstanding principal balance of the Loan to be immediately due and payable.

9. Governing Law. This Agreement shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

SANKEN ELECTRIC CO., LTD.	Allegro MicroSystems, Inc.
By: /s/ Akira Ota	By: /s/ Mark A. Feragne
Akira Ota	Mark A. Feragne
Title: Director, Finance and Accounting	Title: Chief Financial Officer

MEMORANDUM

for

LOAN AGREEMENT dated April 12, 2004

Dated as of June 30, 2006

With regard to the Loan Agreement entered into between Allegro MicroSystems, Inc. a U.S. corporation ("AMI"), and Sanken Electric Co., Ltd., a Japanese corporation ("JSK") on April 12, 2004, the parties hereby agree as follows:

1. AMI and JSK have agreed to change the interest rate on this loan for the remaining period. Consequently, Section 3 shall be changed from "The interest rate for the Loan is equal to the announced 3-month Tokyo Inter Bank Offered Rate (TIBOR) in Japan + 0.5% spread that is in effect on April 12, 2004. The rate shall be changed to new 3-month TIBOR + 0.5% spread every three months." to "The interest rate for the Loan is equal to the announced 3-month BBA LIBOR (London Inter Bank Offered Rate) + 0.45% spread.

   The interest rate shall be changed to new rate every three months. The interest rate for each period shall be determined by the following rule:

   Interest Rate from April 1 to June 30: 3-month BBA LIBOR on the last bank trading day in March + 0.45%.

   Interest Rate from July 1 to September 30: 3-month BBA LIBOR on the last bank trading day in June + 0.45%.

   Interest Rate from October 1 to December 31: 3-month BBA LIBOR on the last bank trading day in September + 0.45%.

   Interest Rate from January 1 to March 31: 3-month BBA LIBOR on the last bank trading day in December + 0.45%."

2. This Memorandum shall come into effect on July 1, 2006.

SANKEN ELECTRIC CO., LTD. Allegro MicroSystems, Inc.

By : /s/ Akira Ota By: /s/ Mark A. Feragne
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Akira Ota Mark A. Feragne

Title: Corporate Officer, Title: Chief Financial Officer
Planning and Finance Division,
Administration Headquarters

EXHIBIT 10.18

LOAN AGREEMENT

between

ALLEGRO MICROSYSTEMS, INC.

and

SANKEN ELECTRIC CO., LTD.

Dated as of July 13, 2005

LOAN AGREEMENT

Dated as of July 13, 2005

Allegro MicroSystems, Inc., a U.S. corporation ("AMI"), and Sanken Electric Co., Ltd., a Japanese corporation ("JSK"), hereby agrees as follows:

1. The Loan. Subject to the terms and conditions of this Agreement, JSK hereby lends to AMI, and AMI hereby borrows from JSK, US $8,000,000 on July 13, 2005 (the "Loan").

2. Repayment of Loan. The Loan shall be repaid in half yearly installments according to the attached repayment schedule. JSK shall accept an early paying off the Loan by AMI anytime with no penalty.

3. Interest. Interest shall accrue on the unpaid principal balance as follows: The interest rate for the Loan is equal to the announced 3-month Tokyo Inter Bank Offered Rate (TIBOR) in Japan + 0.5% spread that is in effect on July 13, 2005. The rate shall be changed to new 3-month TIBOR + 0.5% spread every three months.

4. Payment of Interest. An accrued interest shall be paid on January 13 and July 13 every year, from January 13, 2006 to July 13, 2011.

5. Manner of Payment. Payments of principal and interest shall be made in an U.S. Dollar in immediately available funds. Payments shall be remitted to JSK's account #68910 at The Resona Bank, Ltd., Ikebukuro Branch.

6. Unsecured Loan. Any assets of AMI or other collateral do not secure this Loan.

7. No Separate Note. This Loan is not evidenced by a separate promissory note. This Agreement itself shall constitute evidence of indebtedness.

8. Acceleration. In the event that AMI should fail to make timely payments of principal or interest pursuant to this agreement, and such default is not cured within ten days, then, as JSK's option, JSK may declare the entire outstanding principal balance of the Loan to be immediately due and payable.

9. Governing Law. This Agreement shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

SANKEN ELECTRIC CO., LTD. Allegro MicroSystems, Inc.

By: /s/ Akira Ota By: /s/ Mark A. Feragne

Akira Ota Mark A. Feragne

Title : Corporate Officer, Financial Management Division Corporate Administration Headquarters Title: Chief Financial Officer

REPAYMENT SCHEDULE

Date	Payment Amount	Remaining Balance
January 13, 2007	$800,000	$7,200,000
July 13, 2007	$800,000	$6,400,000
January 13, 2008	$800,000	$5,600,000
July 13, 2008	$800,000	$4,800,000
January 13, 2009	$800,000	$4,000,000
July 13, 2009	$800,000	$3,200,000
January 13, 2010	$800,000	$2,400,000
July 13, 2010	$800,000	$1,600,000
January 13, 2011	$800,000	$ 800,000
July 13, 2011	$800,000	$ 0

MEMORANDUM

for

LOAN AGREEMENT dated July 13, 2005

Dated as of June 30, 2006

With regard to the Loan Agreement entered into between Allegro MicroSystems, Inc. a U.S. corporation ("AMI"), and Sanken Electric Co., Ltd., a Japanese corporation ("JSK") on July 13, 2005, the parties hereby agree as follows:

1. AMI and JSK have agreed to change the interest rate on this loan for the remaining period. Consequently, Section 3 shall be changed from "The interest rate for the Loan is equal to the announced 3-month Tokyo Inter Bank Offered Rate (TIBOR) in Japan + 0.5% spread that is in effect on July 13, 2005. The rate shall be changed to new 3-month TIBOR + 0.5% spread every three months." to "The interest rate for the Loan is equal to the announced 3-month BBA LIBOR (London Inter Bank Offered Rate) + 0.45% spread.

   The interest rate shall be changed to new rate every three months. The interest rate for each period shall be determined by the following rule:

   Interest Rate from April 1 to June 30: 3-month BBA LIBOR on the last bank trading day in March + 0.45%.

   Interest Rate from July 1 to September 30: 3-month BBA LIBOR on the last bank trading day in June + 0.45%.

   Interest Rate from October 1 to December 31: 3-month BBA LIBOR on the last bank trading day in September + 0.45%.

   Interest Rate from January 1 to March 31: 3-month BBA LIBOR on the last bank trading day in December + 0.45%."

2. This Memorandum shall come into effect on July 1, 2006.

SANKEN ELECTRIC CO., LTD. Allegro MicroSystems, Inc.

By: /s/ Akira Ota By: /s/ Mark A. Feragne
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Akira Ota Mark A. Feragne

Title : Corporate Officer, Planning and Finance Division, Administration Headquarters Title: Chief Financial Officer

EXHIBIT 10.19

LOAN AGREEMENT

Dated as of January 26, 2007

Allegro MicroSystems, Inc., a U.S. corporation ("AMI"), and Sanken Electric Co., Ltd., a Japanese corporation ("JSK"), hereby agrees as follows:

1. The Loan. Subject to the terms and conditions of this Agreement, JSK hereby lends to AMI, and AMI hereby borrows from JSK, US $3,300,000 on January 26, 2007 (the "Loan").

2. Repayment of Loan. The Loan shall be repaid in the lump on January 25, 2008. JSK shall accept an early paying off the Loan by AMI anytime with no penalty.

3. Interest. Interest shall accrue on the unpaid principal balance. The interest rate for the Loan is equal to the announced 3-month BBA LIBOR (London Inter Bank Offered Rate) + 0.45% spread. The interest rate shall be changed to new rate every three months. The interest rate for each period shall be determined by the following rule:

   Interest Rate from April 1 to June 30: 3-month BBA LIBOR on the last bank trading day in March + 0.45%.

   Interest Rate from July 1 to September 30: 3-month BBA LIBOR on the last bank trading day in June + 0.45%.

   Interest Rate from October 1 to December 31: 3-month BBA LIBOR on the last bank trading day in September + 0.45%.

   Interest Rate from January 1 to March 31: 3-month BBA LIBOR on the last bank trading day in December + 0.45%.

4. Payment of Interest. An accrued interest shall be paid on January 25, 2008 with the principal.

5. Manner of Payment. Payments of principal and interest shall be made in an U.S. Dollar in immediately available funds. Payments shall be remitted to JSK's account #68910 at The Resona Bank, Ltd., Ikebukuro Branch.

6. Unsecured Loan. Any assets of AMI or other collateral do not secure this Loan.

7. No Separate Note. This Loan is not evidenced by a separate promissory note. This Agreement itself shall constitute evidence of indebtedness.

8. Acceleration. In the event that AMI should fail to make timely payments of principal or interest pursuant to this agreement, and such default is not cured within ten days, then, as JSK's option, JSK may declare the entire outstanding principal balance of the Loan to be immediately due and payable.

9. Governing Law. This Agreement shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

SANKEN ELECTRIC CO., LTD. Allegro MicroSystems, Inc.

By: /s/ Akira Ota By: /s/ Mark A. Feragne
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Akira Ota Mark A. Feragne

Title: Corporate Officer, Planning and Finance Division, Administration Headquarters Title: Chief Financial Officer

EXHIBITI 10.20

LOAN AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This LOAN AGREEMENT made and executed by and between:

ALLEGRO MICROSYSTEMS PHILIPPINES INC., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office and place of business at Sampaguita St., Marimar Village, Paranaque City, represented herein by its Director of Finance, Admin. & HR, and its Finance & Accounting Manager, hereinafter referred to as the "Borrower";

- and -

EQUITABLE PCI BANK, a banking corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal offices at Equitable PCIBank Tower 1, Makati Avenue corner H.V. De la Costa Street, Makati City, represented herein by Its Executive Vice President, WALTER C. WASSMER, and its First Vice President, MARILOU L. CESARIO, hereinafter referred to as the "Bank";

WITNESSETH:

WHEREAS, the Borrower has requested the Bank for loans aggregating up to FORTY SIX MILLION ONE HUNDRED EIGHTY FIVE THOUSAND PESOS (P46,185,000.00) which amount shall be used to finance and aid its subsidiary company Allegro Microsystems Philippines Realty, Inc., the acquisition of a portion of a parcel of land located at _____ covered by Transfer Certificate of Title No. _____ presently owned by _____, and the Bank is willing to grant such loans on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the foregoing premises, and of the mutual covenants and agreements stated herein, the parties hereby agree as follows:

SECTION 1. DEFINITIONS

1.01. Defined Terms. As used herein, the following terms shall have the following meanings:

"Agreement" shall mean this Loan Agreement, as amended or supplemented from time to time.

"Availability Period" shall mean the period from August 1, 2003 up to December 15, 2003.

"Banking Day" shall mean a day on which commercial banks are open for business in Makati City, Philippines.

"BSP" shall mean the Bangko Sentral ng Pilipinas or any governmental authority that succeeds to the functions thereof.

"Collateral" (or collectively the "Collaterals") shall mean the security documents required by the Bank and indicated under Section 4, in form and substance satisfactory to the Bank.

"Event of Default" shall mean any one of the Events specified in Section 8.

"Loan" or "Loans" shall mean the principal amount of each drawing under this Agreement, or (as the context may require) the principal amount thereof from time to time outstanding.

"MART1" shall mean the quoted yield for the Treasury Bill Rate based on secondary market bids displayed on MART1 page of Bloomberg.

"Note" (or collectively the "Notes") shall mean the promissory note of the Borrower in form and substance satisfactory to the Bank, or any promissory note delivered by the Borrower with the consent or upon the request of the Bank in extension or renewal thereof or in substitution therefor or in consolidation of all the drawings under this Agreement and evidencing all or part of the Loan.

"Peso/s" or "P" shall mean pesos in the lawful currency of the Republic of the Philippines.

PHIBOR" shall mean the Philippine Interbank Offer Rate as quoted by Reuter Monitor Money Rate Services at approximately 11:00 a.m. (Manila Time) on the business day immediately preceding the first day of such Interest Period.

1.02. Construction. The headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless the context otherwise requires, words denoting the singular number shall include the plural and vice versa, and words denoting persons shall include corporations, partnerships, business organizations and any government or any agency or political subdivision thereof. References to Sections are to be construed as references to the sections of this Agreement.

SECTION 2. AMOUNT AND TERMS

2.01. Loan. Subject to the terms and conditions of this Agreement, the Bank agrees to grant a loan to the Borrower on any Banking Day during the Availability Period up to the aggregate principal amount of FORTY SIX MILLION ONE HUNDRED THOUSAND PESOS (P46,185,000.00). The Bank may, for any cause or reason and without notice to the Borrower, terminate this Agreement to lend, without prejudice to any obligation already incurred by the Borrower under this Agreement.

2.02. Availability of Loan.

a. The Loan shall be available to the Borrower in one or more drawings on such Banking Day or Banking Days during the Availability Period as may be mutually agreed upon by and between the Bank and the Borrower but always subject to availability of funds on the agreed date of disbursement.

b. The Borrower shall deliver to the Bank a Notice of Borrowing at least seven (7) Banking Days (to commence to run after the Bank shall have determined that all the conditions precedent to the Loan have been fulfilled), prior to the date of any borrowing hereunder (which date shall be a Banking Day). The Notice of Borrowing shall be in the form and substance as may be required by the Bank and shall contain the Borrower's certification that as of the date of the borrowing, no Event of Default, and no event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default, has occurred or is continuing, that the representations and warranties of the Borrower contained herein will remain to be true and correct as of the date of the borrowing and that all conditions precedent required hereunder, have been met. The notice of Borrowing once received and accepted by the Bank shall be irrevocable and binding on the Borrower. Thereafter, in addition to the Bank's other remedies hereunder, the Borrower shall have full liability and accountability for any costs incurred by the Bank resulting from the Borrower's failure to effect the drawing or a failure to satisfy the conditions for such drawing, including losses from re-employment of funds obtained for the drawing at rates lower than the cost of such funds. The Bank shall certify such costs and losses and shall notify the Borrower of the aggregate amount thereof, and such costs and losses as determined by the Bank shall be binding and conclusive on the Borrower.

c. The Bank, at its sole discretion, may waive the required Notice of Borrowing.

2.03. Interest. The Borrower hereby promises to pay on the Interest Payment Date/s, as stated in Section 2.04(a), interest (computed on the basis of a year of 365 days and actual days elapsed) on the outstanding balance of the principal amount of each Loan from the date of each Loan until full payment thereof at the rate of two point five percent (2.5%) per annum over and above the applicable Base Rate, plus the applicable final/withholding tax, value added tax and/or gross receipts tax, if any.

The Base Rate, to be set on the Interest Payment Date shall be the 90-day MART 1 Rate.

The Alternative Base Rate as defined herein shall be used automatically in lieu, of the Base Rate on the interest payment date if difference between the 90-day PHIBOR and the Base Rate is greater than one hundred fifty (150) basis points on the actual repricing date.

The "Alternative Base rate" shall be the average of the latest 90-day MART 1 Rate and the 90-day PHIBOR prevailing on actual repricing date + 2.5% + plus the applicable final/withholding tax, value added tax and/or gross receipts tax, if any.

For purposes of the Loan, Interest Period shall mean each of the successive periods of three (3) months into which the period between the date of Borrowing and the last Payment Date

is to be divided. Each Interest Period shall end on the numerically corresponding day of each third month period after the date of Borrowing (or if there is no day so corresponding in such month, such Interest Period shall end on the last day of such month): Provided, that if any Interest Period would otherwise end on a day which is not a Banking Day, such Interest Period shall be extended to the next succeding day which is a Banking Day, unless the result of such extension would be to carry such Interest Period over into another calendar month, in which event such Interest Period shall end on the immediately preceding Banking Day.

In the event that:

(i) the interest rate to be applied to the Loan for any Interest Period cannot be ascertained in accordance with Section 2.03, or

(ii) the Bank, on or prior to the commencement of any Interest Period, shall have determined, whether or not such determination shall be by reason of any change in law, rule or regulation or in the interpretation or administration thereof and which determination shall be conclusive and binding upon the borrower, that the applicable interest rate determined in accordance with Section 2.03 does not or will not accurately reflect the cost to the Bank of maintaining the Loan(s) during such Interest Period,

the Bank shall promptly give written notice of such event to the Borrower. Within a period of 30 calendar days following the giving of such notice, the Borrower and the Bank shall negotiate in good faith with a view toward ascertaining an alternative mutually satisfactory basis for determining the interest rate to be applied to the Loan. If within such a 30-day period the Borrower and the Bank shall have agreed on a substitute interest rate, it shall be retroactive to and take effect from the first day of the relevant Interest Period. If within such 30-day period the Borrower and the Bank shall fail to agree in writing upon such substitute interest rate, then the Borrower shall prepay the Loan in full, without any prepayment penalty, on the first Banking Day following the expiry of such 30-day period, but with accrued interest from the last day of the preceding Interest Period to the date of such prepayment at the rate applicable for the immediately preceding Interest Period.

In the event that:

(i) any of the principal of the Loan(s) or any installment thereof, or

(ii) any interest due thereon, or

(iii) any other sum due hereunder or under the Note(s),

shall not be paid in full when due (whether at stated maturity, by acceleration or otherwise), the Borrower shall pay the Bank a default penalty on any such amount, whether of principal or of interest or of any and all amounts, from the due date thereof until payment thereof in full, at a rate of three percent (3%) per month, or a fraction of a month, above and in addition to the interest rate payable under this Agreement and the Note(s), and such default penalty shall be payable from time to time on demand by the Bank.

Interest not paid when due shall, at the Bank's option and 30 calendar days after it falls due, be added to and become part of the principal and shall bear the same rate of interest as the principal.

2.04. Notes; Repayment.

a. The Loan shall be for a term of FIVE (5) YEARS years inclusive of a grace period of ONE (1) YEAR in the payment of amortization in the principal and shall be evidenced by Note(s) in the amount of such Loan, which Note(s) shall be dated as of the date of drawing, and be payable with respect to principal and interest as follows (date of payment called "Payment Date/s"):

Principal : Payable in sixteen(16) quarterly amortization to commence on the numerically corresponding day at the end of the fifth (5th) quarter from the date of initial borrowing and every numerically corresponding day of each third month thereafter (or if there is no day so corresponding in such month, the last day of the month), until full payment of the Loan.

Interest : Payable quarterly in arrears in accordance with the rate provided in Section 2.03 of this Agreement, to commence on the numerically corresponding day of the third month from the date of initial borrowing and every numerically corresponding day of each third month thereafter (or if there is no day so corresponding in such month, the last day of such month), until full payment of the Loan.

b. All sums payable to the Bank hereunder or under any document contemplated herein, including but not limited to payments of interest and principal, other fees and any costs, losses, indemnities or expenses, shall be payable in cleared funds in the currency in which the Loan was obtained not later than 12:00 noon of the due date(s) of such amount(s).

c. Any payment made to the Bank hereunder shall be applied first against costs, expenses, losses and indemnities due hereunder, then against fees due to the Bank, then against default penalty, if any, then against interest due on the Loan(s), then against the Loan(s) due and payable, and thereafter to the prepayment of the Loan(s) in accordance with Section 2.06.

2.05. Consolidation of Notes; Cancellation; Adjustment. If and as the Bank shall from time to time request, the Borrower shall execute and deliver to the Bank a replacement note (for purposes only of this Section 2.05, the "Replacement Note") in the aggregate principal amount of the Loan(s) which shall have been disbursed by the Bank and shall be outstanding at the time of such request. Upon the delivery of such Replacement Note, any note which shall have been issued or delivered to the Bank shall be canceled and, in addition, appropriate adjustments shall be made so that there shall be no loss to the Bank or to the Borrower in respect of any principal of the Loan or the interest thereon. The issuance of the Replacement Note shall not be construed as a novation with respect to the Loan(s).

2.06. Prepayments. The Borrower may prepay the Loan, in full or in part, subject to the following conditions:

a. the Borrower shall give at least thirty (30) calendar days irrevocable prior written notice to the Bank of the amounts and the date (which shall be a Banking Day) of such prepayment;

b. for loans with multiple interest payment dates, each prepayment shall be made on an interest payment date;

c. prepayment shall be in minimum multiples of PESOS: ONE MILLION (PHP1,000,000.00);

d. the Borrower shall pay accrued interest on the amount prepaid and any incremental tax;

e. for installment loans, each partial prepayment shall be applied to the principal amount of installments in the inverse order of their maturity (i.e., to the last maturing installment or installments of principal) or, at the sole option of the Bank, to installments of principal and interest succeeding the date of prepayment; and

f. amounts paid may not be reborrowed hereunder.

2.07. Conclusiveness of Bank's Books. The books of the Bank shall be deemed final and conclusive evidence concerning the amount due it from the Borrower..

SECTION 3. FUNDING AND YIELD PROTECTION

3.01. Taxes.

a. All payments due to the Bank hereunder or under the Notes, whether of principal, interest, penalties, fees or otherwise, shall be made without set-off or counterclaim, and free and clear of and without any deduction or withholding on account of any taxes (including, without limitation, the final or withholding tax on interest payable to the Bank hereunder and gross receipts tax and/or value-added tax thereon), all of which shall be for the account of the Borrower and paid by it directly to the relevant taxing or other authority when due. If the Borrower shall be required by law to make any deduction or withholding in respect of taxes from any payment hereunder, the sum payable shall be increased as will result in the receipt by the Bank, after such deduction or withholding, of the amount that would have been received if such deduction or withholding had not been required. Whether by voluntary or involuntary pretermination or acceleration of the Loan, the Borrower shall be liable to pay any resulting tax deficiencies, penalties, surcharges and incremental taxes on the Gross Receipts Tax, as well as on all other applicable taxes that may be imposed.

b. The Borrower shall forward to the Bank copies of official receipts or other evidence acceptable to the Bank establishing the rate and payment of taxes within ten (10) calendar days of such payment.

c. The Borrower's obligations under this Subsec. 3.01 shall survive the repayment of the Loan to the extent that the obligations hereunder have not been fully discharged by the Borrower to the prejudice of the Bank.

3.02. Change in Circumstances. In the event that there shall hereafter occur any change in any applicable law or regulation which shall increase (i) the cost to the Bank of maintaining any reserves or special deposits against the Loan or (ii) any other cost of complying with any law, regulation or condition with respect to such Loan, and the result of any of the foregoing is to increase the cost to the Bank of making or maintaining the Loan or to reduce the amount of any payment (whether of principal, interest or otherwise) receivable by the Bank hereunder, then the Borrower shall pay or reimburse to the Bank such amount as will compensate it for such additional cost or reduction of payment.

3.03. Change in Regulations. Notwithstanding anything to the contrary contained herein, in the event that there shall hereafter occur any change in applicable law or regulation or in the interpretation or administration thereof, which shall make it unlawful for the Bank to maintain or give effect to its obligations as contemplated under this Agreement or to receive the intended benefits of this Agreement, then by written notice to the Borrower, the Bank may (i) declare its obligation to lend hereunder terminated, and it shall thereby be terminated, and (ii) require payment immediately of the principal amount of the Loan then outstanding as well as accrued interest thereon together with such additional amounts as may be necessary to compensate the Bank from loss pertaining to the cost of re-employment of funds so repaid at rates lower than the cost to the Bank of such funds. The Bank shall certify the aggregate amount of such losses and costs to the Borrower (which certification shall include a reasonably detailed description of such costs and expenses) and such certification shall be binding and conclusive on the Borrower.

3.04. Funding Costs and Losses. The Borrower shall indemnify the Bank against any cost or loss in connection with the unwinding or liquidating of any deposits, funding or financing arrangement that the Bank may in good faith incur as a result of (i) any Loan not being made by the Bank due to the failure of the Borrower to satisfy the conditions specified in Sec. 6 on the proposed date of borrowing, or (ii) any prepayment or repayment of the Loan of the Bank on a date that is not an Interest Payment Date.

SECTION 4. SECURITY

As security for the prompt and full payment by the Borrower when due (whether at stated maturity, by acceleration or otherwise) of all amounts payable to the Bank under this Agreement and the Note, whether of principal, interest or otherwise, as well as for the faithful performance of all other terms and conditions of this Agreement and the Note, the Borrower agrees to execute and deliver, or cause to be executed and delivered, to the Bank the Collaterals indicated below in form and substance acceptable to the latter on or prior to the date of the initial drawing hereunder:

- Real Estate Mortgage constituted over the property described in and covered by Transfer Certificate of Title No. _____ of the Register of Deeds of Manila registered under the name of _____, including all

improvements existing thereon and to be erected thereon the same property which will be purchased as referred to in the first whereas clause;

- Comfort Letter by Allegro Microsystems, Inc. (USA);

SECTION 5. REPRESENTATIONS AND WARRANTIES

To induce the Bank to enter into this Agreement and to grant the Loan to the Borrower, the Borrower represents and warrants to the Bank (which representations and warranties shall survive the execution and delivery of this agreement and the making of the Loan) that:

5.01. Corporate Existence. The Borrower is a corporation duly organized, validly existing and in good standing under Philippine laws and has the corporate power to own its property and to carry on its business as now being conducted.

5.02. Corporate Power and Authorization. The Borrower has the corporate power to execute and deliver, and to perform its obligations under, this Agreement, the Note, and the Collateral, and has taken all necessary corporate and legal action to authorize each of the foregoing; and, to the extent that any Collateral is executed, or any property subject of any Collateral is owned, by a person other than the Borrower, such person has the power to execute and deliver and to perform its obligations under such Collateral and has taken all necessary legal action to authorize the same.

5.03. Patents and Copyrights. The Borrower possesses the patents, copyrights, trademarks and trade names needed to conduct its business.

5.04. Validity and Enforceability. This Agreement and the Note(s) and the Collateral, constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms; and, to the extent that any Collateral is executed, or any property subject of any Collateral is owned by a person other than the Borrower, such Collateral constitutes legal, valid and binding obligations of such person, enforceable in accordance with its terms.

5.05. No Default. No event has occurred which constitutes a default by the Borrower under or in respect of ay agreement, undertaking or instrument to which the Borrower is a party or by which it or any of its assets or properties may be bound, and no event has occurred which with the giving of notice, lapse of time or other condition would constitute a default by the Borrower under or in respect of any such agreement, undertaking or instrument.

5.06. Pending or Threatened Action. There are no pending or (to the knowledge of the Borrower) threatened action or proceedings before any court or administrative agency of any jurisdiction which may materially and adversely affect the financial condition or operations of the Borrower.

5.07. General Condition. The balance sheet of the Borrower as of the end of the calendar quarter immediately preceding the date hereof, and other related statements of income and retained earnings, submitted to the Bank in connection with this Agreement, correctly set forth the financial condition of the Borrower as of the dates thereof, and since such dates there has been no material adverse change in the financial condition or the operations of the Borrower.

There are no substantial liabilities of the Borrower, direct or contingent, not reflected in such balance sheet.

5.08. Taxes. The Borrower has prepared and filed with the appropriate governmental authorities, national and local, all tax returns required to be filed, and the Borrower has paid all taxes shown to be due on such tax returns and on all assessments received by it, to the extent that such taxes and assessments have become due, or has provided adequate reserves for the payment thereof. The Borrower is not a party to any pending action or subject of any proceeding by or before any governmental authority for the assessment or collection of taxes.

5.09. Title. The Borrower has good title to all of its properties, free and clear of all liens, encumbrances, restrictions, pledges, mortgages, security interest or charges, except any thereof as have been disclosed to the Bank in writing prior to the date of this Agreement.

5.10. Ranking. The Loan and the Note will at all times, with respect to said Collateral, rank first in priority of payment against all other obligations of the Borrower. Should the Collateral be insufficient to fully satisfy the obligations of the Borrower to the Bank, the Loan and the Note, to the extent of the insufficiency or lack of Collateral, will at all times be direct and unconditional obligations of the Borrower and will at all times rank at least pari passu in right of payment with all the indebtedness of the Borrower with any person, whether outstanding or hereafter incurred.

5.11. Non-violation of Articles, By-Laws, Existing Agreements. The Borrower has not violated any of the provisions of its Articles of Incorporation or By-Laws, or any existing agreement.

5.12. Laws, Orders, Consents, Approvals. The Borrower has complied with all laws and lawful orders and has obtained all the necessary consents and approvals in regard to the Loan and the conduct of its business operations.

SECTION 6. CONDITIONS PRECEDENT

The eligibility of the Borrower to avail itself of the Loan under this Agreement is subject to the condition precedent (the fulfillment of which shall be determined solely by the Bank) that the Bank shall have received, not less than three (3) Banking Days prior to date of the drawing:

a. Articles and By-Laws. Copies of Articles of Incorporation and By-Laws of the Borrower, certified true by the Corporate Secretary of the Borrower.

b. Secretary's Certificate. A certificate executed by the Corporate Secretary/Assistant Corporate Secretary of the Borrower, attesting to the passage and continuing validity of resolutions:

(i) approving and authorizing the execution, delivery and performance of this Agreement, the Note, the Collateral and all other documents, instruments and deeds required hereunder, and

(ii) authorizing designated officer/s to execute and deliver this Agreement, the Note and the Collateral and other documents, instruments and deeds required hereunder on behalf of the Borrower and attesting to the specimen signature of each such designated officer/s.

To the extent that any Collateral is executed, or any property subject of any Collateral is owned, by a person other than the Borrower, the certificate herein required shall, with respect to such Collateral, be issued by the Corporate Secretary/Assistant Corporate Secretary of such person.

c. Governmental Approvals. Certified copies of all governmental approvals, authorizations and consents that, in the opinion of the Bank, are required or necessary for the due execution, delivery, performance and enforceability of this Agreement, the Note(s) and related documentation, together with such other documents as may be necessary to evidence approval by the appropriate government agency of the form of the Note.

d. Collateral. The Bank shall have received the Collateral, duly executed and delivered by the Borrower or, as the case may be, the owner of any property subject of the Collateral, or, in case of a Surety/Guaranty Agreement, by persons designated by the Bank.

e. Opinion of Counsel to Borrower. When required by the Bank, favorable opinion of Counsel to the Borrower, dated as of the date of the drawing and addressed to the Bank, with respect to the matters referred to in Section 5.01 through 5.12 (except Section 5.07) and with respect to such other matters as the Bank or its Counsel may reasonably request, in form and substance satisfactory to the Bank and its Counsel.

f. Opinion of Counsel to Bank. Favorable opinion of the Bank's Counsel, as to sufficiency in form and substance of the documents delivered to the Bank hereunder and as to such other matters as the Bank may reasonably request.

g. Note. The Note evidencing the Loan.

h. No default and representations. A notarized certificate that no event of Default or other event that, with the giving of notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing as of the date of such Loan, and that the representations made by the Borrower in this Agreement shall be true and correct as of the date of such Loan.

SECTION 7. COVENANTS OF THE BORROWER

7.01. Positive Covenants. Until payment in full of the Loan and any other amount due under this Agreement and the Note, and unless the Bank shall otherwise consent in writing:

a. Collateral. The Borrower shall maintain, at its expense, the Collateral in full force and effect in accordance with their respective terms. If, in the sole opinion

of the Bank, any such Collateral shall have been impaired or diminished in value, or is found to have been the subject of a prior lien or adverse claim, the Borrower shall immediately deliver such other Collateral as may be acceptable to the Bank.

b. Use of proceeds. The Borrower shall use the proceeds of the Loan obtained from the Bank for the sole purpose stated in the preamble of this Agreement.

c. Reports. The Borrower will furnish the Bank:

(i) within sixty (60) calendar days after the close of each quarterly period of the fiscal year of the Borrower, unaudited financial statements of the Borrower, as of the end of such quarterly period, certified by an authorized officer of the Borrower;

(ii) within one hundred twenty (120) calendar days after the close of the fiscal year of the Borrower, copies of the annual audited reports of the Borrower, certified by independent accountants of recognized standing acceptable to the Bank, including balance sheets as of the end of such fiscal year and earnings and surplus statements of the Borrower for such fiscal year;

(iii) such other accounting reports or interim statements or certifications that may be requested from time to time by the Bank, within ten (10) calendar days from date of request;.

d. Appraisals. The Borrower shall submit an appraisal of properties mortgaged pursuant to Section 4 conducted by an appraisal company acceptable to the Bank every two (2) years.

e. Inspection of Properties and Examination of Books. The Borrower shall allow any duly authorized officer of the Bank to inspect the properties and examine the books of accounts of the Borrower.

f. Corporate Existence. The Borrower shall preserve and maintain its corporate existence and all rights, privileges and franchises necessary or desirable in the normal conduct of its business (including without limitation any governmental approval or certification necessary or advisable for the legality, validity and enforceability of this Agreement, the Note and, the Collateral), conduct its business in an orderly, efficient and regular manner and keep in good working order and condition, ordinary wear and tear excepted, all properties necessary in its business.

g. Taxes and Assessments. The Borrower shall duly pay and discharge all taxes, assessments and governmental charges of whatsoever nature and by whomsoever levied upon it or against its properties prior to the date on which penalties attach thereto, unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings by the Borrower.

h. Insurance. The Borrower shall, at its own expense:

(i) keep its properties including the Collateral adequately insured at all times by financially sound and reputable insurers acceptable to the Bank and maintain such insurance, to such extent and against such risks as is customary with companies in the same or similar business;

(ii) maintain in full force and effect public liability insurance against claims for personal injury or death or properly damage occurring upon, in, about or in connection with the use of any property owned, occupied or controlled by the Borrower, in such amount as the Bank shall reasonably deem sufficient; and

(iii) maintain such other insurance as may be required by law.

The Borrower shall submit to the Bank within ten (10) calendar days from the date of payment, the original copy/ies of the official receipt/s issued by the insurance company, evidencing payment of premiums for the insurance coverage for the Collateral.

At any time during the life of the Loan, the Bank may at its option, secure insurance coverage for the Collateral in an amount and with such insurance company as may be acceptable to the Bank, and debit the premium on such insurance against any fund or account of the Borrower in the possession or control of the Bank or charge the Borrower for reimbursement of said premiums, with interest at the highest rate permissible by law. The Bank may furnish to the insurance agency or company any information contained in the loan application for purposes of securing the above insurance coverage. The Borrower shall not secure any additional insurance policy on the Collateral without the consent of the Bank and without properly endorsing in favor of the Bank the policies corresponding thereto.

Each insurance policy for the Collateral shall, by virtue of these presents, be considered assigned to the Bank, which shall, as such assignee of the original and of the additional policy or policies, have authority to settle or liquidate, in case the risks insured should occur, all claims pertaining to said policy and apply the proceeds thereof to the account of the Borrower, which shall be credited only with cash that the Bank may receive for said property, and only from the date it actually receives the same.

i. Current Ratio. The Borrower shall maintain at all times a ratio of current assets to current liabilities of at least 1.75X TO 1. For purposes hereof, "current assets" and "current liabilities" (including taxes and other proper accruals) of the Borrower shall be determined in accordance with generally accepted accounting principles and practices.

j. Debt to Equity Ratio. The Borrower shall maintain at all times a total debt-to-equity ratio of not more than 2.0X. For purposes hereof, the term "total debt" shall mean the aggregate amount of all short-term and long-term liabilities of the Borrower. "Equity" shall mean the aggregate issued share capital, surplus

reserves, retained earnings account and any incremental revaluation on a balance sheet of the Borrower, computed in accordance with generally accepted accounting principles.

k. Debt Service Coverage Ratio. The Borrower shall maintain at all times a debt service coverage ratio of at least 1.50x. For purposes hereof, the term "Debt Service Coverage Ratio" shall mean the sum of earnings before income taxes, interest expenses, depreciation and amortization divided by the sum of the current maturing long-term debt and interest payments (on short-term and long-term debt).

l. Continuing Consents and Approvals. The Borrower shall maintain in full force and effect all authorizations, approvals, licenses or consents obtained in connection with this Agreement from any governmental authority or agency, or any entity or person, and shall secure such further authorizations, approvals, licenses or consents which may be necessary or required in order that the Borrower may fulfill its obligations under this Agreement and the other instruments mentioned herein.

m. Compliance with Law. The Borrower shall comply in all respects with all applicable laws, rules and regulations.

n. Other obligations. The Borrower shall promptly perform all its obligations and pay all its indebtedness under any agreement to which it is a party or by which it is bound as well as promptly comply with all its commitments with any governmental agency or authority for the continued enjoyment of its tax exemptions and/or other privileges.

o. Financial Records. The Borrower shall maintain adequate financial records in accordance with generally accepted accounting principles in the Republic of the Philippines and permit the Bank or its representatives to examine such records and discuss the business of the Borrower with any of its officers.

p. Maintenance of Property. The Borrower shall maintain its property, plant and equipment in good order and repair and shall allow the Bank to examine the same during reasonable hours.

q. Certificate of No Default and Notice of Default. The Borrower shall furnish the Bank:

(i) simultaneous with the unaudited financial statements a certificate dated not more than ten (10) calendar days prior to the delivery thereof, stating that no event has occurred and is continuing which constitutes or which, with the giving of notice or lapse of time or both, would constitute an Event of Default; and

(ii) within five (5) calendar days after the occurrence of any event which constitutes or which, with the giving of notice or lapse of time or both,

would constitute an Event of Default, notice of such occurrence, together with a detailed statement by an authorized officer of the Borrower as to the nature thereof and the steps taken and/or being taken by the Borrower to cure such event.

r. Notice of Adverse Action. The Borrower shall give the Bank prompt written notice of:

(i) any action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency which, if adversely determined, could materially impair the ability of the Borrower to carry on its business substantially as now conducted, or could adversely affect its ability to observe and perform its obligations under this Agreement and the Note or

(ii) any other event or matter of any nature whatsoever which adversely affects the operations, properties, assets or condition, financial or otherwise, of the Borrower or

(iii) any proposal by any public authority to acquire the assets or business of the Borrower.

s. Notice of Change of Address. The Borrower shall give the Bank written notice of any change of address five (5) Banking Days prior to such change.

t. Reports. The Borrower shall promptly execute and deliver such additional reports, documents and other information with respect to the business, properties, assets or condition, financial or otherwise, of the Borrower as the Bank may reasonably require from time to time to perfect and confirm to the Bank all its rights, powers and remedies hereunder, as well as additional agreements and instruments as may be reasonably required by the Bank.

u. Title. The Borrower shall maintain, warrant and defend the rights, title and interests of the Bank hereunder, under the Note, and with respect to all properties included in the Collateral.

7.02. Negative Covenants. Until payment in full of the Loan and any other amount due under this Agreement and the Note and unless the Bank shall otherwise consent in writing:

a. Debt. The Borrower shall not incur any debt with a maturity of more than one year.

b. Encumbrances. The Borrower shall not create or suffer to exist any lien, security interest or other charge or encumbrance of any other type of preferential arrangement, upon or with respect to any of its properties, whether now owned or hereafter acquired, or assign any right to receive income for the purpose of securing any other debt.

c. Nature of Business. The Borrower shall not make any material change in the present nature of its business taken as a whole.

d. Ownership or Management. The Borrower shall not cause or allow a substantial change in its present majority ownership or management nor shall the Borrower voluntarily suspend its business operations or dissolve its affairs.

e. Merger or Consolidation. The Borrower shall not enter into any merger or consolidation or any change in its ownership.

f. Sale or Lease of Assets. The Borrower shall not sell, lease or otherwise transfer a substantial portion of its assets except in the ordinary course of business.

g. Loans, Investments, Advances. The Borrower shall not make any loans or advances to or investment in/with its directors, officers, stockholders, subsidiaries or affiliates, which will significantly change the scope or nature of its business or operations, and any loans, investments, advances or subsidies to any corporation.

h. Lease of Collateral. In the event the Collateral is a Real Estate Mortgage, the Borrower shall not lease part or whole of such Collateral to any banking or financial institution other than the Bank.

i. Guarantee. The Borrower shall not assume, guarantee, endorse, or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation except by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of the Borrower's business.

j. Dividends/Repurchase of Shares. The Borrower shall not declare or pay any cash dividend, management bonus or profits pursuant to a profit sharing or similar plan to any of its officers or stockholders or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders. Neither shall the Borrower declare cash dividends if payment of such dividends will result in non-compliance with the ratios specified in Section 7.01.

k. Prepayment. The Borrower shall not prepay any other indebtedness unless the Borrower shall, if the Bank so requires, contemporaneously make a proportionate prepayment of the Loan.

l. Articles and By-Laws. The Borrower shall not amend its Articles of Incorporation or By-Laws, reorganize, undertake a quasi-reorganization, reduce its capital or change its fiscal year which will materially and adversely affect the financial ability or capacity of the Borrower to perform its obligations under this Agreement or impair or adversely affect the Loan.

SECTION 8. EVENTS OF DEFAULT

If any of the following Events of Defaults shall have occurred and be continuing:

a. The Borrower shall fail to pay when due the Loan, any installment thereof, or any other amount payable under this Agreement, the Note or under the Collateral; or

b. The Borrower shall default in the due performance or observance of any other covenant contained in the Agreement, the Note or the Collateral, or if the Collateral is executed or any property subject of any Collateral is owned, by a person other than the Borrower, such person shall default in the due performance or observance of any covenant contained in such Collateral, and such default shall remain unremedied for a period of five (5) calendar days after the Borrower shall have received written notice thereof from the Bank; or

c. Any statement, representation, or warranty made by the Borrower in this Agreement, in the loan application or in any other document delivered or made pursuant thereto shall prove to be incorrect or untrue in any material respect; or

d. The Borrower/any subsidiary or affiliate fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, of any agreement, contract or document with the Bank or any third person or persons to which the Borrower/any subsidiary or affiliate is a party or privy, whether executed prior to or after the date hereof, under which credit has or may have been extended to such Borrower/subsidiary or affiliate by the Bank or such third person or persons or under which the Borrower has agreed to act as guarantor, surety or accommodation party, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a default thereunder; or

e. The Borrower/any subsidiary or affiliate shall become insolvent or unable to pay its debts as they mature, or take advantage of insolvency, moratorium, or other laws for the relief of debtors, or there shall be commenced against the Borrower/any subsidiary or affiliate any proceeding under such laws, or any judgment or order is entered by a court of competent jurisdiction for the appointment of a receiver, trustee or the like to take charge of all or substantially all of the assets of the Borrower; or

f. Any act or deed or judicial or administrative proceeding in the nature of an expropriation, confiscation, nationalization, intervention, acquisition, seizure, or condemnation of or with respect to the Borrower, the business and operations, management, or ownership thereof, or its capital stock, property, or assets, or any substantial portion thereof shall be undertaken or instituted by any government, governmental agency, or authority, present or future, of the Republic of the Philippines; or

g. Any of the concessions, permits, rights, franchises, or privileges required for the conduct of the business and operations of the Borrower or for its enjoyment of certain tax exemptions and/or other privileges shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, or the occurrence of any act in general, whether similar or not to the foregoing, in such manner as materially and adversely to affect the

financial condition or operations of the Borrower as reasonably determined by the Bank; or

h. There shall have occurred a material change in the business assets or financial circumstances or condition of the Borrower (including, without limitation, the making of any investment unrelated to the Borrower's business, excessive losses due to having made unnecessary investments or having exposed itself to unnecessary risks, the undertaking of a major expansion program or permitting earnings before interest and taxes to fall below a level which would be necessary to service the interest expense on present and future loan obligation) which, in the reasonable opinion of the Bank, would adversely affect the ability of the Borrower to perform its obligations under this Agreement and the Note; or

i. In the reasonable opinion of the Bank, the Borrower shall have abandoned the Project or the completion thereof, whether such abandonment shall have occurred within the Availability Period or during the effectivity of this Agreement; or

j. Any adverse circumstances occurs, which in the reasonable opinion of the Bank, materially or adversely affects the ability of the Borrower to perform its obligations under this Agreement; or

k. Any of the events of default enumerated in the Note shall occur; or

l. An attachment or garnishment of or levy upon any of the properties of the Borrower is made; or

m. The Collateral or any document related thereto or any other document which serves as security for the Loan shall for any reason (at any time after their execution and delivery) become ineffective, impaired or cease to be in full force and effect or declared null and void or the applicability thereof to the Loan is disaffirmed by the Borrower, or any right or lien established or created in favor of the Bank in and under the Collateral is lost or otherwise impaired;

then, and in any such event, the Bank may by written notice to the Borrower declare all amounts owing to the Bank under this Agreement/the Note, whether of principal, interest or otherwise, to be forthwith due and payable, whereupon all such amounts shall become immediately due and payable without demand or other notice of any kind, all of which are expressly waived by the Borrower, provided, that no such declaration of amounts due and payable shall be necessary in case of an event of default under Section 8(a) and 8(d) upon the occurrence of which default the whole principal sum and/or all installments thereof, together with accrued interest and all other charges and penalties due thereon, shall immediately become due and payable without demand or notice of any kind, all of which the Borrower expressly waives. The Borrower shall pay on demand by the Bank, in respect of any amount or principal paid in advance of stated maturity pursuant to this Section 8, a prepayment penalty equal to three per cent (3%) of the amount prepaid.

SECTION 9. MISCELLANEOUS

9.01. Right of Set-Off. The Borrower authorizes and empowers the Bank, without need of notice to the Borrower, to apply funds of the Borrower on deposit or otherwise with the Bank in reduction of amounts due or owing under this Agreement and the Note.

9.02. Right to Sell and Transfer Properties of Borrower. The Borrower hereby irrevocably constitutes and appoints the Bank as its attorney-in-fact with full power and authority and without the necessity of prior notice, to negotiate, sell and transfer by public or private sale any of the Borrower's stocks, securities, bonds or personal properties of which the Bank may be in possession and to apply the proceeds of such sale or disposition to the payment of the obligations of the Borrower to the Bank.

9.03. Application of Payments. The Borrower waives its rights under Article 1252 of the Civil Code of the Philippines to designate the application of its payment and irrevocably authorizes the Bank or its assigns to apply such payment to any of its existing obligations to the Bank or its assigns, at the Bank's discretion.

9.04. Expenses. The Borrower agrees to pay to the Bank, on demand, all costs and expenses of the Bank, including without limitation all notarial fees, stamps taxes and other charges, incurred or payable in connection with the execution, registration or enforcement of this Agreement, the Note, the Collateral and other documents required to be executed in connection herewith.

9.05. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising on the part of the Bank, any right, power or privilege hereunder, under the Note(s), the Collateral or any other document executed in connection herewith, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right or power. The rights and remedies herein provided shall be cumulative, may be exercised concurrently and shall not be exclusive of any rights or remedies of the Bank under the Note and the Collateral, if any, or granted by law.

9.06. Amendments. No amendment or waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Bank and the Borrower, and such amendment or waiver shall be effective only in the specific instance or for the special purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other notice or demand in similar circumstances.

9.07. Notices. All notices, requests or demands to or upon any party hereto shall be in writing, addressed to such party at its address set forth herein or as may be subsequently specified in a written notice to the other party. Each notice, request or demand shall be deemed effective, if by personal delivery, when received and if by mail, five (5) days after being deposited in the post office, postage prepaid.

9.08. Attorney's Fees and Liquidated Damages. If upon default by the Borrower the Bank shall engage the services of legal counsels, the Borrower agrees to pay attorney's fees equal to fifteen percent (15%) of the total amount due from the Borrower to the Bank but in no case less than P20,000.00), exclusive of all expenses of collection and all costs, and liquidated

damages equal to fifteen percent (15%) of the total amount due but in no case less than P20,000.00.

9.09. Venue. The parties hereby agree that any legal action, or proceeding arising out of or relating to this Agreement or the Note(s) shall be instituted only in the proper court of Makati City, without prejudice to the right of the Bank to proceed against the Collateral, either judicially or extrajudicially in the sheriff's office of the jurisdiction wherein any of the properties covered thereby is located. The Borrower waives all other venues.

9.10. Successors. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Bank and their respective successors, endorsees and assignees, provided that the Borrower may not assign or transfer any of its rights or obligations hereunder.

9.11. Severability. In case any one or more of the provisions contained in this Agreement, the Note(s) or the Collateral shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

9.12. Counterparts. This Agreement may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed, in either case, by all the parties hereto shall constitute a full and original agreement for all purposes.

9.13. Inconsistency. Should there be any inconsistency between the provisions of this Agreement and the Note(s), those of the former shall prevail.

9.14. Solidarity. If the term "Borrower" is defined in Sec. 1.01 as the collective reference to two or more persons, the obligations of the Borrower stipulated in this Agreement shall be deemed to be the joint and several obligations of such persons and the representations and covenants of the Borrower set forth herein shall be deemed to be the representations and covenants of each such persons.

THE BORROWER REPRESENTS THAT ITS DULY AUTHORIZED REPRESENTATIVE/S HAS/HAVE CAREFULLY READ ALL THE PROVISIONS OF THIS AGREEMENT AND HAS/HAVE UNDERSTOOD ALL THE TERMS AND CONDITIONS STATED HEREIN. THE BORROWER FURTHER REPRESENTS THAT AT THE TIME ITS REPRESENTATIVE/S SIGNED THIS AGREEMENT, ALL THE BLANK SPACES HAVE BEEN CORRECTLY AND COMPLETELY FILLED-UP.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on _____, at Makati City, Philippines.

ALLEGRO MICROSYSTEMS PHILIPPINES INC. | EQUITABLE PCI BANK

Borrower

TIN:000-419-293-000 | TIN:_____

By: /s/ Francisco N. Meroy, Jr. | By: /s/ Walter C. Wasmer
Name: Francisco N. Meroy, Jr. | Name: Walter C. Wasmer
Designation: Dir. of Fin., Admin. & HR | Designation: Executive Vice President

[stamp affixed]

/s/ Danilo S. Navarro | /s/ Marilou L. Cesario
Name: Danilo S. Navarro | Name: Marilou L. Cesario
Designation: Fin. & Acctg. Manager | Designation: First Vice President

SIGNED IN THE PRESENCE OF:

/s/ Maria Luisa Limbaga | /s/ Anna L. Alcars
Maria Luisa Limbaga | Anna L. Alcars

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

BEFORE ME, Notary Public for and in the above jurisdiction, this OCT 10 2003 personally appeared:

NAME	COMM. TAX CERT. NO.	DATE/PLACE ISSUED
ALLEGRO MICROSYSTEMS PHILIPPINES INC.	00132939	01-10-03/Paranaque City
By: Francisco N. Meroy, Jr.	20206731	01-10-03/ Paranaque City
Danilo S. Navarro	11935923	01-22-03/ Paranaque City
EQUITABLE PCI BANK		
By: Walter C. Wassmer	14496022	04-11-03 / Makati City
Marilou L. Cesario	00695188	04-14-03 / Paranaque City

known to me and to me known to be the same persons who executed the foregoing instrument, and they acknowledged to me that the same is their free and voluntary act and deed and the free and voluntary act and deed of the corporations herein represented.

This instrument refers to a Loan Agreement and consists of _____ (_____) pages signed by the parties and their witnesses on all pages including the one on which this acknowledgment is written.

IN WITNESS WHEREOF, I have hereunto affixed my signature and notarial seal on the date and place first above written:

Doc. No. 343
Page No. 70
Book No. LXXV
Series of 2003

/s/ [illegible]
- ----------

/s/ Benjamin B. Mata

Benjamin B. Mata
Notary Public
until Dec. 31, 2003
PTR O.R. No. A-24 1098
Dtd. 02 January 2003

EXHIBIT 10.21

Republic of the Philippines)
MAKATI CITY) S.S.

DEED OF UNDERTAKING

KNOW ALL MEN BY THESE PRESENTS:

ALLEGRO MICROSYSTEMS PHILIPPINES INC., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office and place of business Sampaguita St., Marimar Village, Paranaque City, represented herein by its Director of Finance, Admin. & HR, and its Finance & Acctg. Manager, hereinafter referred to as "ALLEGRO MICROSYSTEMS":

ALLEGRO MICROSYSTEMS PHILIPPINES REALTY, INC., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office and place of business the 9th Floor, Common Gold Tower, corner Finance and Industry Sts., Madrigal Business Park, Alabang, Muntinlupa City, represented herein by its President and its Treasurer, hereinafter referred to as "ALLEGRO REALTY":

- IN FAVOR OF -

EQUITABLE PCI BANK, INC., a banking corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Equitable PCI Bank Tower 1, Makati Avenue, Corner H. V. dela Costa Street, Makati City, hereinafter referred to as "BANK":

WITNESSETH: That

WHEREAS, ALLEGRO MICROSYSTEMS requested and applied for a loan with the BANK the proceeds of the said loan shall be used to finance and aid its subsidiary company, ALLEGRO REALTY, in the acquisition of a portion of a parcel of land located at _____ covered by Transfer Certificate of Title No. _____ presently owned by _____;

WHEREAS, the BANK has agreed and approved to grant the said loan application;

WHEREAS, ALLEGRO MICROSYSTEMS and the BANK had entered into a Loan Agreement duly executed on 10-10-2003 and acknowledged before Notary Public Benjamin B. Mata for and in Makati City and entered in his Notarial Registry as Doc. No. 343, Page No. 70, Book No. LXXV; Series of 2003;

WHEREAS, it is stipulated in the said Loan Agreement that the loan obtained by ALLEGRO MICROSYSTEMS shall be secured among other by a Real Estate Mortgage over the same property to be purchased by ALLEGRO REALTY;

WHEREAS, the property to be purchased by ALLEGRO REALTY being only a portion of the parcel of land has yet to be surveyed and subdivided before a new title will be issued in its favor;

WHEREAS, ALLEGRO MICROSYSTEMS requested the BANK that the loan be released prior to the survey, subdivision, issuance of the new title and execution of the real estate mortgage in favor of the BANK;

WHEREAS, the BANK agrees to accommodate the request of ALLEGRO MICROSYSTEMS subject to the condition that a Real Estate Mortgage of the lot purchased by ALLEGRO REALTY shall be executed and delivered to the BANK not later than 120 days from initial drawdown versus term loan and further subject to the warranties, representations and covenants and conditions and undertakings on the part of ALLEGRO MICROSYSTEMS and ALLEGRO REALTY as stated herein;

NOW THEREFORE, for and in consideration of the above-premises, ALLEGRO MICROSYSTEMS and ALLEGRO REALTY irrevocably and unconditionally undertakes and commit in favor of the BANK that;

(a) ALLEGRO MICROSYSTEMS and ALLEGRO REALTY shall deliver to the BANK not later than 60 calendar days from initial drawdown versus term loan a duly executed and notarized Deed of Absolute sale executed between ALLEGRO REALTY and Rizal Commercial Banking Corporation Trust and Investments Division together with certified true copy of the Transfer Certificate of Title No. ____ with the said Deed of Absolute Sale duly annotated thereon;

(b) ALLEGRO MICROSYSTEMS and ALLEGRO REALTY shall deliver to the BANK not later than 120 calendar days from initial drawdown versus term loan a duly executed and notarized Real Estate Mortgage over the property purchased by ALLEGRO REALTY to secure the loans and obligation of ALLEGRO MICROSYSTEMS to the BANK together with the Owners Duplicate Original Copy of Transfer Certificate of Title covering the property purchased registered under the name of ALLEGRO REALTY and such other documents as may be required by the BANK;;

ALLEGRO MICROSYSTEMS and ALLEGRO REALTY represents, warrants and agrees and commits that upon failure deliver the said documents on the dates specified herein for any reason whatsoever, shall be considered an Event of Default on the loan which shall give the Bank the right to:

Declare the Loan or the Promissory Note covering the Loan as immediately due and payable regardless of the maturities stated thereon, without need of any prior notice to or demand on the BORROWER; and

Avail of any and all remedies to which the Bank is entitled under the law and contract, agreement or any other collateral documents;

The foregoing is without prejudice and in addition to the right of the BANK to avail of any and all remedies, actions, claims for damages to which the Bank is entitled under the law and/or for the strict performance of the terms of this agreement and any other related document.

It is understood that:

1. The terms of this Undertaking is premised on the truthfulness of the foregoing representations made by ALLEGRO MICROSYSTEMS and ALLEGRO REALTY and is the primary inducing and determining factor for the BANK's conformity. In this regard, ALLEGRO MICROSYSTEMS and ALLEGRO REALTY affirm that the warranties and representations AND undertakings contained in herein are true, genuine and actually existing and shall be faithfully complied with;

2. ALLEGRO MICROSYSTEMS and ALLEGRO REALTY, in any event, hold free and harmless and indemnify the Bank for and against any and all losses, damages, taxes, costs, and actual and reasonable expenses which the Bank may suffer or incur by reason or as a consequence hereof;

This Undertaking shall be in addition to or concurrent with and does not supersede, any other undertaking, covenant, warranty or stipulation made by ALLEGRO MICROSYSTEMS and in favor of the Bank and shall be binding upon the heirs and successors-in-interest of ALLEGRO MICROSYSTEMS and ALLEGRO REALTY.

IN WITNESS WHEREOF, ALLEGRO MICROSYSTEMS and ALLEGRO REALTY through their duly authorized representatives, affixed their signatures this ____ day of _____ at _____, Philippines.

ALLEGRO MICROSYSTEMS PHILIPPINES INC. ALLEGRO MICROSYSTEMS PHILIPPINES REALTY, INC.

TIN: 000-419-293-000 TIN: 22410291600

By: /s/ Francisco N. Meroy, Jr By: /s/ Francisco N. Meroy, Jr

Francisco N. Meroy, Jr. Francisco N. Meroy, Jr.
Director of Finance, Admin. & HR President

[stamp affixed]

/s/ Danilo S. Navarro /s/ Danilo S. Navarro

Danilo S. Navarro Danilo S. Navarro
Finance & Acctg. Manager Treasurer

SIGNED IN THE PRESENCE OF:

/s/ Maria Luise Limbaga /s/ Vida V. Villegas /s/ Anna L Alcars

Maria Luise Limbaga Vida V. Villegas Anna L Alcars

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

BEFORE ME, a Notary Public for and in above jurisdiction on this OCT 10 2003 personally appear:

NAME	COMM. TAX CERT. NO.	DATE/PLACE ISSUED
ALLEGRO MICROSYSTEMS PHILIPPINES INC.		
By: Francisco N. Meroy, Jr.	20206731	01-30-03/ Paranaque City
Danilo S. Navarro	11935923	01-22-03/ Paranaque City
ALLEGRO MICROSYSTEMS PHILIPPINES REALTY, INC.		
By: Francisco N. Meroy, Jr.	20206731	01-30-03/ Paranaque City
Danilo S. Navarro	11935923	01-22-03/ Paranaque City

known to me and to me known to be the same persons who executed the foregoing Deed and they acknowledged to me that the same is their own free and voluntary act and deed as well as the free and voluntary act and deed of the corporation herein represented.

This instrument refers to the Deed of Undertaking and consists of ___ (___) pages including this page on which this acknowledgment is written and the Annexes and signed by the parties and their instrumental witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL on the date and place above written.

/s/ Benjamin B. Mata

BENJAMIN B. MATA
NOTARY PUBLIC
UNTIL DEC. 31, 2003
PTR O.R. NO.A-24 1098
Dtd. 02 JANUARY 2003

Doc. No. 326;
Page No. 67;
Book No. LXXV;
Series of 2003.

EXHIBIT 10.22

Equitable PCI Bank

This Mortgage executed by ALLEGRO MICROSYSTEMS PHILIPPINES, INC., a corporation duly organized and existing in accordance with the laws of the Philippines and with principal office at Sampaguita St., Marimar Village, Paranaque, Metro Manila and ALLEGRO MICROSYSTEMS PHILIPPINES REALTY, INC., a corporation duly organized and existing in accordance with the laws of the Philippines and with the principal office at the 9th Floor, Common Gold Tower, corner Finance and Industry Sts., Madrigal Business Park, Alabang, Muntinlupa City, hereinafter called (irrespective of number) the MORTGAGOR, in favor of EQUITABLE PCI BANK, a corporation duly organized and existing in accordance with the laws of the Philippines and with principal office at Makati City, Philippines hereinafter called MORTGAGEE,

WITNESSETH

That, for and in consideration of certain loans, overdrafts, credit accommodations and other banking facilities obtained by ALLEGRO MICROSYSTEMS PHILIPPINES, INC. (if other than MORTGAGOR, hereinafter called, irrespective of number, the DEBTOR) from the MORTGAGEE, its parent firm, subsidiary or affiliated company and to secure payment of the same and those others that the MORTGAGEE, its parent firm, subsidiary or affiliated company may from time to time hereafter extend to the MORTGAGOR/ DEBTOR, including interest and penalties thereon and expenses and other charges incurred incidental thereto, and other obligations owing by the MORTGAGOR/DEBTOR to the MORTGAGEE, its parent firm, subsidiary or affiliated company including obligations as a surety, whether direct or indirect, principal or secondary, as appearing in the accounts, books, and records of the MORTGAGEE, its parent firm, subsidiary or affiliated company, the MORTGAGOR does hereby transfer or convey, by way of mortgage, unto MORTGAGEE, its successors or assigns the parcel/s of land which is/are described at the back of this document or in supplementary list attached thereto, together with all the buildings and improvements now existing or which may hereafter be erected or constructed thereon and all easements, sugar, quotas, agricultural or land indemnities, aids, or subsidies, including all other rights or benefits annexed to or inherent therein, now existing or which may hereafter exist, and also other assets acquired with the proceeds of the loan hereby secured, all of which the MORTGAGOR declares that he is the absolute owner free from all liens encumbrances. In case the MORTGAGOR/DEBTOR execute/s subsequent promissory note or notes either as a renewal of the former note, as an extension thereof or as a new or an entirely different loan or is given any other kind of accommodation such as overdrafts, letters of credit, releases of import shipments on Trust Receipts, etc., this mortgage shall also stand as security for the payment of the said promissory note or notes and/or accommodations without the necessity of executing a new contract and this mortgage shall also stand as security for said obligations and any and all other obligations of the MORTGAGOR/DEBTOR to the MORTGAGEE, its parent firm, subsidiary or affiliated company, of whatever kind and nature, whether such obligations have been contracted before, during or after the constitution of this mortgage. However, if the MORTGAGOR shall pay to the MORTGAGEE its successors or assigns, the obligations secured by this mortgage together with interest cost and other expenses on or before the date they are due, and shall keep and perform all the covenants and agreements herein contained for the MORTGAGOR to keep and perform, then this mortgage shall be null and void; otherwise it shall remain in full force and effect.

The MORTGAGOR hereby declares and warrants that there exists no transaction or document affecting the property/ies subject of this mortgage, previously presented for, and/ or presently pending registration in the Registry of Deeds with any city or province.

The consideration of this mortgage is hereby initially fixed at PHILIPPINE PESOS: _____ (P_____);

This mortgage is constituted under the following conditions:

1. The MORTGAGOR/DEBTOR shall not apply the amount obtained from the loans or other credit accommodations except for the purposes stated in the covering instruments and/or the loan applications approved by the MORTGAGEE.

2. The mortgage covering the property/ies not registered under Act No. 496, or under the Spanish Mortgage Law, shall be registered under the provisions of Act No. 3344. In the event untitled property/ies is/are brought under the provision of Act No. 496 and the corresponding certificate/s of title is/are issued while the loans and other credit accommodations secured are still outstanding, the MORTGAGOR shall immediately deliver said certificate/s of title to the MORTGAGEE for the annotation of this mortgage.

3. The MORTGAGOR shall pay all expenses in connection with this mortgage, the registration, cancellation or foreclosure thereof should the MORTGAGEE deem it necessary, and all other fees, assessment, government imposts and taxes such as but not limited to documentary and science stamps required by law for its registration as well as other instruments related thereto. The MORTGAGOR shall likewise pay on time all taxes and assessments on the mortgaged property/ies reporting to the MORTGAGEE the fact of such payment on the dates on which they were effected and surrendering to the MORTGAGEE for the duration of this mortgage, such official receipts as may be issued to him/her/it after payment of taxes and other assessments. In the event that the MORTGAGOR fails to register the mortgage with the proper Registry of Deeds, it is hereby agreed that the MORTGAGEE may, at its sole discretion, register the mortgage advancing the fees and taxes therefore the account of the MORTGAGOR, the repayment thereof to be likewise secured by the mortgage. Any such expense advanced by the MORTGAGEE shall bear interest at the same rate as the principal obligation hereby secured, computed from the time such advances are made.

4. The MORTGAGOR shall insure, during the life of the mortgage, all the buildings, improvements and other properties covered thereby against fire, typhoon, flood, earthquake and other natural calamity for an amount and with such company acceptable to the MORTGAGEE, endorsing and delivering to the latter the corresponding policies. The MORTGAGOR shall not secure any additional insurance policy on the mortgaged property/ies without the consent of the MORTGAGEE. However, if the MORTGAGOR should secure additional insurance on the mortgaged property/ies without the consent of the MORTGAGEE and without properly endorsing in favor of the MORTGAGEE the policies corresponding thereto, the same shall, by virtue of these presents, be

considered assigned to the MORTGAGEE, which shall, as such assignee of the original and of the additional policy or policies, have authority to settle or liquidate, in case the risk or risks insured against occur, all claims pertaining to said policy and apply the proceeds thereof to the account of the MORTGAGOR and the MORTGAGOR shall be credited only with the cash that the MORTGAGEE may receive for said property/ies and only from the date it actually receives the same. The MORTGAGOR shall keep the mortgaged property/ies in good condition, making repairs, filling the land, constructing protective walls that may reasonably be necessary. He/She/It shall authorize the MORTGAGEE to inspect the mortgaged property/ies to ascertain thereof and the actual value in the market. If at any time, during the existence of this mortgage and/or as long as the MORTGAGOR is indebted to the MORTGAGEE the mortgaged property/ies or any portion thereof is/are lost, damaged or suffer/s a depreciation in value due to any cause whatsoever other than ordinary wear and tear, the MORTGAGOR, his/her/its successors or assigns, shall give additional security acceptable to the MORTGAGEE, so as to bring the total value of the securities held by the MORTGAGEE to an amount not less than the value of the securities appraised by the MORTGAGEE at the time the original obligation was contracted and/or the subsequent additional loans were given; otherwise, the MORTGAGEE may declare the entire mortgage obligation immediately due and demandable as if the period of the mortgage obligation has expired. If the MORTGAGOR shall fail to comply with any these conditions, the MORTGAGEE may at its discretion declare the mortgage due, payable and defaulted, or may advance the cost of documentary and science stamps and other registration fees, taxes, assignments, insurance or the cost of repairs, filling of the land and the construction of the protective walls, all of which shall be promptly reimbursed by the MORTGAGOR with interest and charges at the rate imposed on the principal amount of the loan/credit accommodation to which the expense relates, the payment of these advances, interest, penalties and charges thereon being secured also by this mortgage.

5. The MORTGAGOR shall neither lease the mortgaged property/ies, nor sell or dispose of the same in any manner, nor encumber the same with a second mortgage, without the written consent of the MORTGAGEE. However, if notwithstanding this stipulation and during the existence of this mortgage, the property/ies hereby mortgaged, or any portion thereof, is/are leased for over one year, sold or encumbered, it shall be the obligation of the MORTGAGOR to impose as condition of sale, alienation or encumbrance that the vendee or the party in whose favor the alienation or encumbrance is to be made, should take the property/ies subject to the obligation of this mortgage in the same terms and conditions under which it is constituted, it being understood that the MORTGAGOR is not in any manner relieved of his/her/its obligation to the MORTGAGEE under this mortgage by such sale, alienation, or encumbrance, on the contrary, both the vendor and vendee, or the party in whose favor, the alienation or encumbrance is made, shall be jointly and severally liable for the said mortgage obligations. It shall also be incumbent upon the MORTGAGOR to make it a condition of the sale or alienation that the vendee, or any other party in

whose favor the alienation is made, shall recognize, as first lien, the existing mortgage or encumbrance in favor of the MORTGAGEE, as well as any new or modified mortgage covering the same property/ies to be executed by the said MORTGAGOR in favor of the MORTGAGEE, and shall further agree, promise, and bind himself/herself/itself to recognize and respect any extension of the terms of the original mortgage granted by the MORTGAGEE in favor of the MORTGAGOR and such extended mortgage shall be considered as prior and superior encumbrance as the original mortgage. It is also further understood that should the MORTGAGOR sell, or in any manner alienate or encumber the mortgaged property/ies in violation of this agreement, he/she/it shall respond in damages to the MORTGAGEE.

6. Should the MORTGAGEE become involved in any litigation which may have relation with any or all of the properties mortgaged by virtue of this instrument, all expenses of the MORTGAGEE in such litigation, including reasonable amount for attorney's fees to be determined by the MORTGAGEE, shall be paid by the MORTGAGOR and this mortgage shall stand as security therefore, and any and all obligations of the MORTGAGOR shall likewise become immediately due, payable and defaulted.

7. The MORTGAGOR shall also be considered in default under this contract in case of default in the payment of his/her/its obligation or non-performance or violation of any agreement with any of the MORTGAGEE's parent firm, subsidiary or affiliated company.

8. If at any time the MORTGAGOR shall fail or refuse to pay the obligations herein secured, or any of the amortizations of such indebtedness when due, or to comply with any of the conditions and stipulations herein agreed or in the separate instruments evidencing the obligations hereby secured or shall, during the time this mortgage is in force, institute insolvency, suspension of payment or similar proceedings, or be involuntarily declared insolvent, or make a general assignment for the benefit of creditors, or shall use the proceeds of this loan for purposes other than those specified in the covering credit instruments and/or approved loan application, or if a receiver be appointed over, or a writ or order of garnishment or attachment be issued against any of the assets or income of the MORTGAGOR or if this mortgage cannot be recorded in the corresponding Registry of Deeds, then all the obligations of the MORTGAGOR/DEBTOR secured by this mortgage and all the amortizations thereof shall immediately become due, payable and defaulted and the MORTGAGEE may immediately foreclose this mortgage judicially in accordance with the Rules of Court, or extra-judicially in accordance with Act No. 3135, as amended. For the purpose of the extra-judicial foreclosure, the MORTGAGOR hereby appoints the MORTGAGEE his/her/its attorney-in-fact to sell the property mortgaged under Act No. 3135 as amended, to sign all documents and perform any act requisite and necessary to accomplish said purpose and to appoint its substitutes as such attorney-in-fact with the same powers as above mentioned. In case of judicial foreclosure, the MORTGAGOR hereby consents to the appointment of the MORTGAGEE or of any of its designates as receiver, without any bond, to take charge of the mortgaged property properties at once, and to hold possession of the same and the rents,

benefits and profits derived from the mortgaged property/ies before the sale, less the cost and expenses of the receivership, the MORTGAGOR hereby agrees further that, in all cases, or in case collection of the obligation/s secured hereby is made thru an attorney-at-law, attorney's fees hereby fixed at TWENTY PERCENT (20%) of the total indebtedness then unpaid, which in no case shall be less than P20,000.00, exclusive of all costs and fees allowed by law, and the expenses of collection, as rents, and profits derived from the mortgaged property/ies or from the proceeds realized from the sale of said property/ies and this mortgage shall likewise stand as security therefore. It is hereby agreed that the period or periods granted to the MORTGAGOR for the payment of the amortizations and/or obligations secured by this mortgage is for mutual benefit of both the MORTGAGOR and the MORTGAGEE. In case of extra-judicial foreclosure of this mortgage, the MORTGAGEE may take actual possession of the foreclosed property/ies during the redemption period for the purpose of receiving the fruits/income thereof and/or administering the foreclose property/ies at its option without any obligation to post a bond. The proceeds of the foreclosure sale of the mortgaged property/ies shall be applied in the following manner and order:

a. Expenses and costs of foreclosure and sale, including publication costs and attorney's fees;

b. Accrued interest, penalties and charges;

c. Principal amount of obligations;

d. All other obligations owing by MORTGAGOR/DEBTOR to MORTGAGEE;

e. Balance, if any, to be delivered and paid to MORTGAGOR.

9. In the event the MORTGAGOR exercise his/her/its rights to redeem the mortgaged property/ies, he/she/it shall pay the amount fixed by the court in the order of execution or the amount due under this mortgage and all other obligations to the MORTGAGEE, its subsidiary or affiliated company, including penalties, fees and charges specified in the relevant promissory note/s or other evidence of indebtedness secured hereby.

10. Effective upon the breach of any condition of this mortgage and in addition to the remedies herein stipulated, the MORTGAGEE is hereby appointed attorney-in-fact of the MORTGAGOR with the full powers and authority to take actual possession of the mortgaged property, without the necessity of any judicial order or any permission or power, to collect rents, to eject tenants, to lease or to sell the mortgaged property/ies or any part thereof, at a private sale without notice or advertisement of any kind and execute the corresponding bills of sale, lease or other agreement that may be deemed convenient, to make repairs or improvements on the mortgaged property/ies and pay for the same, and perform any other act which the MORTGAGEE may deem convenient for the proper administration of the mortgaged property/ies. The payment of any expenses advanced by the MORTGAGEE in connection with the purposes indicated herein is also guaranteed by this mortgage and such amount advanced shall bear interest and charges at the rate imposed on the principal amount of the loan credit accommodation to which the expenses relate, computed from the time such

advances are made. Any amount received from the sale, disposal or administration above-mentioned may be applied to the payment of the repairs, improvements, taxes and assessments and other incidental expenses and obligations, and also to the payment of the original indebtedness and interest thereon. The power therein granted shall not be revoked during the life of this mortgage, and all acts that may be executed by the MORTGAGEE by virtue of said power are hereby ratified.

11. Should the property/ies mortgaged be expropriated by the Government of the Philippines, or by any department, branch, subdivision, or instrumentality thereof, or by any province, municipality or township, or by any person, association or body corporate duly authorized by law to acquire property by eminent domain, all moneys paid or which may become payable on account or in consideration of the expropriation of the property/ies mortgaged and/or any price or pieces of real estate property or personal property given in exchange for the property so expropriated shall be immediately delivered to the MORTGAGEE, which is hereby expressly authorized to collect said moneys or receive such property/ies from whomsoever they may be properly due and payable, crediting the MORTGAGOR only with the cash thus received effective on the day the MORTGAGEE receives the same and reserving the property received in exchange for those expropriated for such further action as may be necessary to convert them into cash and apply the same to the accounts of the MORTGAGOR. The MORTGAGOR further covenants not to agree upon any purchase price or exchange in consideration of the property so expropriated without the written consent of the MORTGAGEE.

12. All correspondence relative to this mortgage, including demand letters, summons, subpoenas or notifications of any judicial or extrajudicial action shall be sent to the MORTGAGOR at the address given above or at the address that may hereafter be given in writing by the MORTGAGOR to the MORTGAGEE; the mere act sending any correspondence by mail or by personal delivery to the said address shall be valid and effective notice to the MORTGAGOR for all legal purposes, and the fact that any communication is not actually received by the MORTGAGOR or that it has returned unclaimed to the MORTGAGEE, or that no person was found at the address given, or that the address is fictitious or cannot be located, shall not excuse or relieve the MORTGAGOR from the effects of such notice. Provided, however, that in case of foreclosure of mortgage, personal notice to the MORTGAGOR of the notice of sale shall not be required and that publication of the notice of sale in a newspaper of general circulation alone is sufficient compliance with the notice and posting requirement of the law.

13. The MORTGAGOR shall execute such other necessary documents as may be required of him/her/it by the MORTGAGEE.

14. The MORTGAGOR shall not make any alteration upon or demolish any building or buildings herein mortgaged, without the prior consent of the MORTGAGEE.

15. It is hereby agreed that in case of foreclosure of this mortgage under Act No. 3135, as amended, the auction sale shall be held at the capital of the province if the property is within the territorial jurisdiction of the province concerned, or

shall be held in the city, if the property is within the territorial jurisdiction of the city concerned.

16. It is hereby agreed that in case of foreclosure of this mortgage under Act No. 3135, as amended, the auction sale shall be held at the capital of the province if the property is within the territorial jurisdiction of the province concerned, or shall be held in the city, if the property is within territorial jurisdiction of the city concerned.

17. In case of the foreclosure, the MORTGAGOR/DEBTOR shall be liable for the deficiency, if any, between the purchase price at the foreclosure sale and the outstanding obligation under this mortgage deed.

18. Whenever this mortgage is executed in accommodation of a DEBTOR other than a MORTGAGOR, the MORTGAGOR agrees that the mortgage shall stand as security for the renewal, extension of payment of the obligation secured by this mortgage or its conversion into any other credit facility that may be agreed upon between the DEBTOR and the MORTGAGEE, as well as all additional loans or credit accommodations that may be granted by the MORTGAGEE to the DEBTOR without further need of amending the mortgage and the DEBTOR is deemed to be Attorney-in-fact of the MORTGAGOR for such purpose. The MORTGAGOR further agrees that this mortgage shall also secure his/her/its own personal obligations with the MORTGAGEE of whatever kind and nature, whether direct or indirect, principal or secondary, as appearing in the account, books and records of the MORTGAGEE as if this mortgage were executed to secure the said personal obligations of the MORTGAGOR under the same terms and conditions. The obligations of the MORTGAGOR shall be deemed the solidary obligations of the DEBTOR and vice versa. For this purpose, it is hereby agreed that the term "DEBTOR" or any other word describing the principal obligor shall likewise mean and include the term "MORTGAGOR", and vice versa, as the context may require.

19. Should any of the provisions of this mortgage be declared unconstitutional, or unenforceable by any competent court, such declaration shall not in any way affect the constitutionality, legality or enforceability of the other provisions thereof not affected thereby.

20. If the obligations herein secured are loans granted under the lending program of the Social Security System (SSS) or Development Bank of the Philippines (DBP), the MORTGAGOR/BORROWER, fully aware of the Memorandum of Agreement and the Loan Agreement, including any of its amendments, entered into by and between the MORTGAGEE and the SSS/DBP under the latter's Omnibus Credit Line, hereby agrees to the automatic assignment to the SSS/DBP by the MORTGAGEE of all its rights and interest under this Agreement which shall take effect without need of further documentation upon the occurrence of any of the following events:

    a. Default as defined in the Loan Agreement or Memorandum of Agreement mentioned above;

    b. Insolvency of the MORTGAGEE;

    Provided that in the event of automatic assignment to SSS/DBP as provided herein, the same shall be deemed effective as of the date of registration of this

mortgage with the appropriate Register of Deeds, with the rights of SSS/DBP enjoying superiority and preference over those of all other creditors including the MORTGAGEE; provided further, that in cases of mixed funded loans secured by this mortgage, the occurrence of any of the aforesaid event shall automatically convert this mortgage into a Joint Pari-Passu First Mortgage in favor of both the MORTGAGEE and SSS/DBP where the interest of the latter shall consist of the loan granted under the SSS/DBP Omnibus Credit Line or Loan Agreement.

LIST OF PROPERTIES MORTGAGED

Executed in _____ this _____ day of ____ at _____, Philippines

DEBTOR:	MORTGAGOR:	MORTGAGOR:
ALLEGRO MICROSYSTEMS PHILS., INC.	ALLEGRO MICROSYSTEMS PHILS., INC.	ALLEGRO MICROSYSTEMS PHILS. REALTY, INC.
/s/ Fancisco N. Meroy, Jr.	/s/ Fancisco N. Meroy, Jr.	/s/ Fancisco N. Meroy, Jr.
NAME: Fancisco N. Meroy, Jr.	NAME: Fancisco N. Meroy, Jr.	NAME: Fancisco N. Meroy, Jr.
Director of Fin. Admin, HR	Director of Fin. Admin, HR	President
/s/ Danilo S. Navarro	/s/ Danilo S. Navarro	/s/ Danilo S. Navarro
NAME: Danilo S. Navarro	NAME: Danilo S. Navarro	NAME: Danilo S. Navarro
Finance & Acctg. Manager	Finance & Acctg. Manager	Treasurer

SIGNED IN THE PRESENCE OF

/s/ Maria Luisa Limbaga /s/ Vida V. Villegas /s/Anna Alcars
- ---------- ---------- ----------
NAME: Maria Luisa Limbaga NAME: Vida V. Villegas NAME: Anna Alcars

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

All the locally above mentioned, this day of 04 MAY 2004 personally appeared before me:

NAME	COMM. TAX CERT. NO.	DATE &PLACE ISSUED
Allegro Microsystems Phils., Inc.	00132939	01-30-03/ Paranaque City
Francisco N. Meroy, Jr.	20206731	01-30-03/ Paranaque City
Danilo S. Navarro	11935923	01-22-03/ Paranaque City

Known to me and to be the same persons who executed the foregoing Instrument and acknowledged to me that the same is their own free and voluntary act and deed (and that of the corporation's therein represented). Thus instrument refers to the mortgage of ___ (___) meters of land and with all the buildings, improvements, etc. thereon and consists of ___ (___) pages including this page on which this acknowledgment is written, signed by the parties and the witnesses on all pages.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my nortarial seal at the place and on the date first above written.

Notary Public

/s/ Nendell L.Go

ATTY. AENDELL L GO
NOTARY PUBLIC UNTIL JANUARY 14, 2006
PTR No. 7012007
JANUARY 05, 2004
MAKITA CITY

Doc. No. 244;
Page No. 50;
Book No. LT;
Series of 2004.

I hereby certify that the instrument has been duly [illegible] proper memorandum having been made on Transfer Certificate of Title No. 158614 and on its Owner's Duplicate Book No. 794 File No. 14
[illegible] Merro Manila 5 5-04

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EXHIBIT 21.1

ALLEGRO MICROSYSTEMS, INC.
LIST OF SUBSIDIARIES

NAME OF SUBSIDIARY:	JURISDICTION OF INCORPORATION OR ORGANIZATION:
Allegro MicroSystems Europe, Ltd.	United Kingdom
Allegro MicroSystems Philippines, Inc.	Philippines
Allegro MicroSystems Philippines Realty, Inc.	Philippines
Allegro MicroSystems Argentina S.A.	Argentina
Allegro MicroSystems Business Development, Inc.	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated May 8, 2007, included in the Registration Statement (Form S-1) and related Prospectus of Allegro MicroSystems, Inc. dated August 8, 2007.

/s/ Ernst & Young LLP

Boston, Massachusetts
August 3, 2007