AGERE SYSTEMS INC
Form SC 13D/A
December 19, 2006

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

SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 2)

Agere Systems Inc.

(Name of Issuer)

Common Stock, $0.01 par value

(Title of class of securities)

00845V308

(CUSIP number)

CLIFTON S. ROBBINS
BLUE HARBOUR GROUP, LP
240 GREENWICH AVENUE, 3RD FLOOR
GREENWICH, CONNECTICUT 06830
(203) 422-6540

AND

LEON G. COOPERMAN
88 PINE STREET
WALL STREET PLAZA - 31ST FLOOR
NEW YORK, NY 10005
(212) 495-5210

(Name, address and telephone number of person authorized to receive notices and communications)

December 18, 2006

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box [ ].

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CUSIP No. 755267101	13D	Page 2

1	NAME OF REPORTING PERSON: Blue Harbour Group, LP IRS IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY): 56-2457376	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) [_] (b) [X]
3	SEC USE ONLY	
4	SOURCE OF FUNDS	N/A
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):	[_]
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER:	0
	8	SHARED VOTING POWER:	6,732,547
	9	SOLE DISPOSITIVE POWER:	0
	10	SHARED DISPOSITIVE POWER:	6,732,547

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:	6,732,547
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	[_]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	4.0%

14	TYPE OF REPORTING PERSON: PN

CUSIP No. 755267101	13D	Page 3

1	NAME OF REPORTING PERSON: Blue Harbour Strategic Value Partners Master Fund, LP IRS IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY): 98-0450159
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) [_] (b) [X]
3	SEC USE ONLY
4	SOURCE OF FUNDS WC
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e): [_]
6	CITIZENSHIP OR PLACE OF ORGANIZATION: Cayman Islands, British West Indies

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		
	7	SOLE VOTING POWER: 0
	8	SHARED VOTING POWER: 5,428,185
	9	SOLE DISPOSITIVE POWER: 0
	10	SHARED DISPOSITIVE POWER: 5,428,185

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 5,428,185*

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES: [_]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 3.2%
14	TYPE OF REPORTING PERSON: PN

* The aggregate amount in Row 11 excludes shares directly and beneficially owned by Blue Harbour Institutional Partners Master Fund, L.P.

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1	NAME OF REPORTING PERSON: Blue Harbour Institutional Partners Master Fund, L.P. IRS IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY): 98-0495357
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) [_] (b) [X]
3	SEC USE ONLY
4	SOURCE OF FUNDS WC
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e): [_]
6	CITIZENSHIP OR PLACE OF ORGANIZATION: Cayman Islands, British West Indies

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER: 0
	8	SHARED VOTING POWER: 1,304,362
	9	SOLE DISPOSITIVE POWER: 0

	10	SHARED DISPOSITIVE POWER: 1,304,362
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:	1,304,362*
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	[_]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	0.8%
14	TYPE OF REPORTING PERSON:	PN

* The aggregate amount in Row 11 excludes shares directly and beneficially owned by Blue Harbour Strategic Value Partners Master Fund, LP.

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1	NAME OF REPORTING PERSON:	Blue Harbour GP, LLC
	IRS IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):	20-1590782
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) [_] (b) [X]
3	SEC USE ONLY	
4	SOURCE OF FUNDS	N/A
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):	[_]
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Delaware
	7 SOLE VOTING POWER:	0

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER: 6,732,547
	9	SOLE DISPOSITIVE POWER: 0
	10	SHARED DISPOSITIVE POWER: 6,732,547
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 6,732,547	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES: [_]	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 4.0%	
14	TYPE OF REPORTING PERSON: OO	

CUSIP No. 755267101	13D	Page 6
1	NAME OF REPORTING PERSON: Blue Harbour Holdings, LLC IRS IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY): 20-1590711	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) [_] (b) [X]	
3	SEC USE ONLY	
4	SOURCE OF FUNDS N/A	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e): [_]	
6	CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER: 0
	8	SHARED VOTING POWER: 6,732,547
	9	SOLE DISPOSITIVE POWER: 0
	10	SHARED DISPOSITIVE POWER: 6,732,547
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 6,732,547	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES: [_]	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 4.0%	
14	TYPE OF REPORTING PERSON: OO	

1	NAME OF REPORTING PERSON: Clifton S. Robbins IRS IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) [_] (b) [X]
3	SEC USE ONLY	
4	SOURCE OF FUNDS N/A	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e): [_]	

6	CITIZENSHIP OR PLACE OF ORGANIZATION:	United States of America
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER:	0
	8 SHARED VOTING POWER:	6,732,547
	9 SOLE DISPOSITIVE POWER:	0
	10 SHARED DISPOSITIVE POWER:	6,732,547
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:	6,732,547
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	[_]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	4.0%
14	TYPE OF REPORTING PERSON:	IN

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1	NAME OF REPORTING PERSON:	Leon G. Cooperman
	IRS IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):	
	IRS IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) [_] (b) [X]
3	SEC USE ONLY	
4	SOURCE OF FUNDS	N/A

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):	[_]
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	United States of America
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER:	3,425,200
	8 SHARED VOTING POWER:	2,308,700
	9 SOLE DISPOSITIVE POWER:	3,425,200
	10 SHARED DISPOSITIVE POWER:	2,308,700
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:	5,733,900
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	[_]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	3.4%
14	TYPE OF REPORTING PERSON:	IN

This Amendment No. 2 (this "Amendment") amends the Statement on Schedule 13D filed on May 1, 2006 (the "Original Filing") by Blue Harbour Strategic Value Partners Master Fund, LP, a Cayman Islands exempted limited partnership (the "Fund"), Blue Harbour GP, LLC, a Delaware limited liability company ("Fund GP"), Blue Harbour Group, LP, a Delaware limited partnership ("Manager"), Blue Harbour Holdings, LLC, a Delaware limited liability company ("Manager GP"), Clifton S. Robbins, a citizen of the United States of America ("Mr. Robbins") and Leon G. Cooperman, a citizen of the United States of America ("Mr. Cooperman", and together with the Fund, Fund GP, Manager, Manager GP and Mr. Robbins, the "Original Reporting Persons"), which Original Filing was subsequently amended by an Amendment No. 1 filed on July 25, 2006 (the "First Amendment" and, together with the Original Filing, the "Statement") by the Original Reporting Persons and Blue Harbour Institutional Partners Master Fund, L.P., a Cayman Islands exempted limited partnership ("BHIP", and together with the Fund, the "Funds", and

together with the Original Reporting Persons, the "Reporting Persons", and together with the Fund, Fund GP, Manager, Manager GP and Mr. Robbins, the "Blue Harbour Reporting Persons") and is filed by and on behalf of the Reporting Persons with respect to the common stock, par value $0.01 per share ("Common Stock"), of Agere Systems Inc., a Delaware corporation (the "Company"). Unless otherwise indicated, all capitalized terms used herein have the meaning ascribed to them in the Statement.

For the reasons stated in Item 4 hereof, the Blue Harbour Reporting Persons and Mr. Cooperman have determined that they no longer desire, and have no plans, to coordinate their actions with respect to their respective investments in the Company. Consequently, the Blue Harbour Reporting Persons and Mr. Cooperman do not intend to jointly file any further amendments to the Statement.

ITEM 2. IDENTITY AND BACKGROUND.

Item 2 of the Statement is hereby amended, with effect from the date of this Amendment, by replacing the third paragraph of Item 2 with the following:

The Blue Harbour Reporting Persons and Mr. Cooperman do not have any agreements or understandings between them relating to the acquisition, disposition, holding or voting of Common Stock held by them and each expressly disclaims beneficial ownership for all purposes of Common Stock held by the others. Prior to the date hereof, the Blue Harbour Reporting Persons and Mr. Cooperman had, on occasion, coordinated their market purchases of Common Stock and call options to purchase Common Stock, but have no plans to do so in the future. The Reporting Persons have filed this statement solely because they may previously have been deemed to be a "group" for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Act"), as a result of their agreement to submit the May 1 Letter to the Company's Chief Executive Officer.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Item 3 of the Statement is hereby amended and restated in its entirety, with effect from the date of this Amendment, as follows:

(1) The Blue Harbour Reporting Persons.

The 6,732,547 shares of Common Stock reported herein by the Blue Harbour Reporting Persons were acquired by the Funds for an aggregate purchase price of approximately $81,216,750. All such purchases of Common Stock by each of the Funds were funded by the working capital of the respective Funds, which

may, at any given time, include margin loans made by brokerage firms in the ordinary course of business.

(2) Leon G. Cooperman.

The 5,733,900 shares of Common Stock reported herein by Mr. Cooperman were acquired for an aggregate purchase price of approximately $66,226,545. All such purchases of Common Stock by Mr. Cooperman were funded by working capital, which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business.

ITEM 4. PURPOSE OF TRANSACTION.

Item 4 of the Statement is hereby amended and restated in its entirety, with effect from the date of this Amendment, as follows:

On May 1, 2006, Mr. Robbins and Mr. Cooperman sent the May 1 Letter to the Company's Chief Executive Officer relating to value enhancing initiatives available to the company. The Reporting Persons believe the Company has taken under advisement many of the suggestions raised in the May 1 Letter and has implemented initiatives which the Reporting Persons believe are likely to achieve many of the goals outlined in that letter. On December 4, 2006, the Company announced that it had entered into a definitive merger agreement with LSI Logic Corporation.

In light of the foregoing, each of the Blue Harbour Reporting Persons and Mr. Cooperman has determined that they no longer desire, and have no plans, to coordinate their actions with respect to their respective investments in the Company. In that regard, on December 18, 2006, the Original Reporting Persons terminated that certain letter agreement, dated May 1, 2006, by and among the Original Reporting Persons, which provided for the coordinated exchange of information among the Original Reporting Persons in connection with the filing of the Schedule 13D and amendments thereto.

The Blue Harbour Reporting Persons and Mr. Cooperman have determined that they no longer have any agreements, arrangements or understandings that could deem them to be a "group" (within the meaning of Section 13(d)(3) of the Act) and, accordingly, they do not intend to jointly file any further amendments to the Statement. None of the Blue Harbour Reporting Persons or Mr. Cooperman beneficially owns more than five percent of the outstanding shares of Common Stock based on the number of shares of Common Stock outstanding as of November 24, 2006 (the "Issued and Outstanding Shares").

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

Item 5 of the Statement is hereby amended and restated in its entirety, with effect from the date of this Amendment, as follows:

(1) The Blue Harbour Reporting Persons.

(a) The responses of the Blue Harbour Reporting Persons to Rows (11) through (13) of the cover pages of this Schedule 13D are incorporated herein by reference.

As of the close of business on the date hereof, the Fund beneficially owns an aggregate of 5,428,185 shares of Common Stock, representing approximately 3.2% of the shares of Common Stock based upon the Issued and Outstanding Shares and BHIP beneficially owns an aggregate of 1,304,362 shares of Common Stock, representing approximately 0.8% of the shares of Common Stock based upon the Issued and Outstanding Shares. The Fund is the direct owner of 5,428,185 shares of Common Stock reported by the Blue Harbour Reporting Persons on this Statement and BHIP is the direct owner of 1,304,362 shares of Common Stock reported by the Blue Harbour Reporting Persons on this Statement. For purposes of disclosing the number of shares beneficially owned by each of the Blue Harbour Reporting Persons, Fund GP, as general partner of the Funds, Manager, as the investment manager of the Funds, Manager GP as the general partner of Manager, and Mr. Robbins, as controlling owner of Fund GP and Manager GP (in addition to serving as Chief Executive Officer of Manager) may be deemed

to own beneficially (as that term is defined in Rule 13d-3 under the Act) all shares of Common Stock that are owned beneficially and directly by the Funds. Fund GP, Manager, Manager GP and Mr. Robbins disclaims beneficial ownership of such shares for all other purposes.

(b) The responses of the Blue Harbour Reporting Persons to (i) Rows (7) through (10) of the cover pages of this Statement and (ii) Item 5(a) hereof are incorporated herein by reference.

(c) Except as set forth above or in the attached Schedule I (with respect to the Blue Harbour Reporting Persons), no Blue Harbour Reporting Person has effected any transaction in shares of Common Stock during the 60 days preceding the date hereof. All such transactions were effected in the open market, unless otherwise noted. The Funds have also entered into, and may from time to time enter into, purchases and sales of shares of Common Stock with each other.

(d) No other person is known by the Blue Harbour Reporting Persons to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of Common Stock reported in this Statement, except dividends from, or proceeds from the sale of, the shares of Common Stock in the Fund and BHIP for which Manager acts as an investment advisor, which may be distributed to the applicable limited partner entitled thereto in accordance with their respective limited partnership interests in the Fund and BHIP. No investment partnership or limited partner thereof has an interest in the shares of Common Stock reported in this Statement representing more than five percent of the Common Stock outstanding.

(e) Each of the Blue Harbour Reporting Persons and Mr. Cooperman expressly disclaims beneficial ownership for all purposes of Common Stock held by the others. For the reasons stated in Item 4 hereof, each of the Blue Harbour Reporting Persons and Mr. Cooperman have determined that they no longer desire, and have no plans, to coordinate their actions with respect to their respective investments in the Company. Therefore, as of the date hereof, the Reporting Persons do not intend to jointly file any further amendments to the Statement reflecting aggregate beneficial ownership of more than five percent of the shares of Common Stock.

(2) Leon G. Cooperman.

(a) As of the close of business on the date hereof, Mr. Cooperman may be deemed the beneficial owner of 5,733,900 shares of Common Stock representing approximately 3.4% of the shares of Common Stock based upon the Issued and Outstanding Shares.

This consists of 1,621,000 shares of Common Stock owned by Capital LP; 563,200 shares of Common Stock owned by Equity LP; 175,200 shares of Common Stock owned by Investors LP; 1,065,800 shares of Common Stock owned by Overseas; and 2,308,700 shares of Common Stock owned by the Managed Accounts.

(b) The responses of Mr. Cooperman to (i) Rows (7) through (10) of the cover pages of this Statement and (ii) Item 5(a) hereof are incorporated herein by reference.

(c) Except as set forth above or in the attached Schedule II (with

respect to Mr. Cooperman and the foregoing entities controlled by him), none of Mr. Cooperman or the foregoing entities controlled by him has effected any transaction in shares of Common Stock during the 60 days preceding the date hereof. All such transactions were effected in the open market, unless otherwise noted.

(d) No other person is known by Mr. Cooperman or the foregoing entities controlled by him to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of Common Stock reported in this Statement, except dividends from, or proceeds from the sale of, the shares of Common Stock reported by the Managed Accounts may be distributed to the applicable investors therein. No investment partnership or limited partner thereof has an interest in the shares of Common Stock reported in this Statement representing more than five percent of the Common Stock outstanding.

(e) Each of the Blue Harbour Reporting Persons and Mr. Cooperman expressly disclaims beneficial ownership for all purposes of Common Stock held by the others. For the reasons stated in Item 4 hereof, each of the Blue Harbour Reporting Persons and Mr. Cooperman have determined that they no longer desire, and have no plans, to coordinate their actions with respect to their respective investments in the Company. Therefore, each of the Blue Harbour Reporting Persons and Mr. Cooperman do not own more than five percent of the shares of Common Stock and will not be filing any further amendments to the Statement.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Item 6 of the Statement is hereby supplemented, with effect from the date of this Amendment, by adding the following:

On December 18, 2006, the Original Reporting Persons terminated that certain letter agreement, dated May 1, 2006, by and among the Original Reporting Persons, which provided for the coordinated exchange of information among the Original Reporting Persons in connection with the filing of the Schedule 13D and amendments thereto.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: December 18, 2006

BLUE HARBOUR GROUP, LP

By: Blue Harbour Holdings, LLC, its

general partner

By: /s/ Clifton S. Robbins

Name: Clifton S. Robbins
Title: Managing Member

BLUE HARBOUR STRATEGIC VALUE PARTNERS MASTER FUND, LP

By: Blue Harbour GP, LLC, its general partner

By: /s/ Clifton S. Robbins

Name: Clifton S. Robbins
Title: Managing Member

BLUE HARBOUR INSTITUTIONAL PARTNERS MASTER FUND, L.P.

By: Blue Harbour GP, LLC, its general partner

By: /s/ Clifton S. Robbins

Name: Clifton S. Robbins
Title: Managing Member

BLUE HARBOUR GP, LLC

By: /s/ Clifton S. Robbins

Name: Clifton S. Robbins
Title: Managing Member

BLUE HARBOUR HOLDINGS, LLC

By: /s/ Clifton S. Robbins

Name: Clifton S. Robbins
Title: Managing Member

/s/ Clifton S. Robbins

Clifton S. Robbins

LEON G. COOPERMAN, individually, as Managing Member of Omega Associates, L.L.C. on behalf of Omega Capital Partners, L.P., Omega Capital Investors, L.P., Omega Equity Investors, L.P., and as President of Omega Advisors, Inc.

By: /s/ Alan M. Stark

Name: Alan M. Stark
Title: Attorney-in-Fact
Power of Attorney on File

Schedule I

Transactions in Shares of Common Stock by Blue Harbour Reporting Persons

REPORTING PERSON	DATE	TRANSACTION	NUMBER OF SHARES OF COMMON STOCK	PRICE PER SHARE
Fund	12/18/06	Purchase	25,000	$20.0179
BHIP	12/18/06	Purchase	75,000	$20.0179

Schedule II

Transactions in Shares of Common Stock by Leon G. Cooperman

REPORTING PERSON	DATE	TRANSACTION	NUMBER OF SHARES OF COMMON STOCK	PRICE PER SHARE
Investors LP	12/18/06	Purchase	34,600	20.028
Overseas	12/18/06	Purchase	30,200	20.028
Managed Accounts	12/18/06	Purchase	35,200	20.028

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