

AVAGO TECHNOLOGIES LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED
(IN MILLIONS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended			Fiscal Year Ended	
	November 2, 2014	August 3, 2014	November 3, 2013	November 2, 2014	November 3, 2013 (1)
Net revenue	\$ 1,590	\$ 1,269	\$ 738	\$ 4,269	\$ 2,520
Cost of products sold:					
Cost of products sold	678	560	368	1,911	1,251
Purchase accounting effect on inventory	10	200	5	210	9
Amortization of intangible assets	108	105	19	249	61
Restructuring charges	6	11	-	22	1
Total cost of products sold	<u>802</u>	<u>876</u>	<u>392</u>	<u>2,392</u>	<u>1,322</u>
Gross margin	788	393	346	1,877	1,198
Research and development	234	240	109	695	398
Selling, general and administrative	129	137	60	407	222
Amortization of intangible assets	91	91	7	197	24
Restructuring charges	33	87	-	140	2
Total operating expenses	<u>487</u>	<u>555</u>	<u>176</u>	<u>1,439</u>	<u>646</u>
Income (loss) from operations	301	(162)	170	438	552
Interest expense	(54)	(55)	-	(110)	(2)
Other income (expense), net	16	(2)	11	14	19
Loss on extinguishment of debt	-	-	(1)	-	(1)
Income (loss) before income taxes	263	(219)	180	342	568
Provision for (benefit from) income taxes	126	(99)	8	33	16
Income (loss) from continuing operations	137	(120)	172	309	552
Loss from discontinued operations (including a gain on disposal of \$18 million in fiscal quarter and year ended November 2, 2014), net of income taxes	(2)	(44)	-	(46)	-
Net income (loss)	<u>\$ 135</u>	<u>\$ (164)</u>	<u>\$ 172</u>	<u>\$ 263</u>	<u>\$ 552</u>
Basic income (loss) per share:					
Income (loss) per share from continuing operations	\$ 0.54	\$ (0.48)	\$ 0.69	\$ 1.23	\$ 2.23
Loss per share from discontinued operations, net of income taxes	\$ (0.01)	\$ (0.17)	\$ -	\$ (0.18)	\$ -
Net income (loss) per share	\$ 0.53	\$ (0.65)	\$ 0.69	\$ 1.05	\$ 2.23
Diluted income (loss) per share:					
Income (loss) per share from continuing operations	\$ 0.50	\$ (0.48)	\$ 0.68	\$ 1.16	\$ 2.19
Loss per share from discontinued operations, net of income taxes	\$ -	\$ (0.17)	\$ -	\$ (0.17)	\$ -
Net income (loss) per share	\$ 0.50	\$ (0.65)	\$ 0.68	\$ 0.99	\$ 2.19
Shares used in per share calculations:					
Basic	254	252	248	251	247
Diluted	272	252	253	267	252
Share-based compensation expense included in continuing operations:					
Cost of products sold	\$ 6	\$ 6	\$ 3	\$ 18	\$ 10
Research and development	19	20	8	57	30
Selling, general and administrative	24	24	11	78	37
Total share-based compensation expense	<u>\$ 49</u>	<u>\$ 50</u>	<u>\$ 22</u>	<u>\$ 153</u>	<u>\$ 77</u>

(1) Amounts for the fiscal year ended November 3, 2013 have been derived from audited financial statements as of that date.

AVAGO TECHNOLOGIES LIMITED
NON-GAAP FINANCIAL SUMMARY - UNAUDITED (1)
(IN MILLIONS, EXCEPT PERCENTAGES AND PER SHARE DATA)

	Fiscal Quarter Ended			Fiscal Year Ended	
	November 2, 2014	August 3, 2014	November 3, 2013	November 2, 2014	November 3, 2013
Net revenue	\$ 1,610	\$ 1,287	\$ 738	\$ 4,307	\$ 2,520
Gross margin	\$ 939	\$ 735	\$ 374	\$ 2,421	\$ 1,282
% of net revenue	58%	57%	51%	56%	51%
Research and development	\$ 214	\$ 219	\$ 100	\$ 632	\$ 365
Selling, general and administrative	\$ 89	\$ 88	\$ 45	\$ 268	\$ 177
Total operating expenses	\$ 303	\$ 307	\$ 145	\$ 900	\$ 542
% of net revenue	19%	24%	20%	21%	22%
Income from operations	\$ 636	\$ 428	\$ 229	\$ 1,521	\$ 740
Income before income taxes	\$ 598	\$ 371	\$ 240	\$ 1,425	\$ 757
Provision for income taxes	\$ 42	\$ 24	\$ 13	\$ 82	\$ 26
Net income	\$ 556	\$ 347	\$ 227	\$ 1,343	\$ 731
Net income per share - diluted	\$ 1.99	\$ 1.26	\$ 0.89	\$ 4.90	\$ 2.89
Shares used in per share calculation - diluted	280	276	255	274	253

(1) A reconciliation of the non-GAAP measures presented above to the most directly comparable GAAP financial data appears on the next page. These non-GAAP measures are provided in addition to and not as a substitute for measures of financial performance prepared in accordance with GAAP. The financial summary excludes acquisition-related revenue adjustments, purchase accounting effect on inventory, amortization of intangible assets, share-based compensation expense, restructuring charges, acquisition-related costs, loss from discontinued operations and income tax effects of non-GAAP reconciling adjustments.

AVAGO TECHNOLOGIES LIMITED
FINANCIAL RECONCILIATION: GAAP TO NON-GAAP - UNAUDITED
(IN MILLIONS, EXCEPT DAYS)

	Fiscal Quarter Ended			Fiscal Year Ended	
	November 2, 2014	August 3, 2014	November 3, 2013	November 2, 2014	November 3, 2013
Net revenue on GAAP basis	\$ 1,590	\$ 1,269	\$ 738	\$ 4,269	\$ 2,520
Acquisition-related purchase accounting revenue adjustment	20	18	-	38	-
Net revenue on non-GAAP basis	<u>\$ 1,610</u>	<u>\$ 1,287</u>	<u>\$ 738</u>	<u>\$ 4,307</u>	<u>\$ 2,520</u>
Net revenue on GAAP basis	\$ 1,590	\$ 1,269	\$ 738	\$ 4,269	\$ 2,520
Net revenue contribution from discontinued operations	57	104	-	161	-
Net revenue on GAAP basis including discontinued operations	1,647	1,373	738	4,430	2,520
Acquisition-related purchase accounting revenue adjustment from continuing operations	20	18	-	38	-
Acquisition-related purchase accounting revenue adjustment from discontinued operations	(1)	3	-	2	-
Net revenue on non-GAAP basis including discontinued operations	<u>\$ 1,666</u>	<u>\$ 1,394</u>	<u>\$ 738</u>	<u>\$ 4,470</u>	<u>\$ 2,520</u>
Gross margin on GAAP basis	\$ 788	\$ 393	\$ 346	\$ 1,877	\$ 1,198
Acquisition-related purchase accounting revenue adjustment	20	18	-	38	-
Purchase accounting effect on inventory	10	200	5	210	9
Amortization of intangible assets	108	105	19	249	61
Share-based compensation expense	6	6	3	18	10
Restructuring charges	6	11	-	22	1
Acquisition-related costs	1	2	1	7	3
Gross margin on non-GAAP basis	<u>\$ 939</u>	<u>\$ 735</u>	<u>\$ 374</u>	<u>\$ 2,421</u>	<u>\$ 1,282</u>
Research and development on GAAP basis	\$ 234	\$ 240	\$ 109	\$ 695	\$ 398
Share-based compensation expense	19	20	8	57	30
Acquisition-related costs	1	1	1	6	3
Research and development on non-GAAP basis	<u>\$ 214</u>	<u>\$ 219</u>	<u>\$ 100</u>	<u>\$ 632</u>	<u>\$ 365</u>
Selling, general and administrative expense on GAAP basis	\$ 129	\$ 137	\$ 60	\$ 407	\$ 222
Share-based compensation expense	24	24	11	78	37
Acquisition-related costs	16	25	4	61	8
Selling, general and administrative expense on non-GAAP basis	<u>\$ 89</u>	<u>\$ 88</u>	<u>\$ 45</u>	<u>\$ 268</u>	<u>\$ 177</u>
Total operating expenses on GAAP basis	\$ 487	\$ 555	\$ 176	\$ 1,439	\$ 646
Amortization of intangible assets	91	91	7	197	24
Share-based compensation expense	43	44	19	135	67
Restructuring charges	33	87	-	140	2
Acquisition-related costs	17	26	5	67	11
Total operating expenses on non-GAAP basis	<u>\$ 303</u>	<u>\$ 307</u>	<u>\$ 145</u>	<u>\$ 900</u>	<u>\$ 542</u>
Income (loss) from operations on GAAP basis	\$ 301	\$ (162)	\$ 170	\$ 438	\$ 552
Acquisition-related purchase accounting revenue adjustment	20	18	-	38	-
Purchase accounting effect on inventory	10	200	5	210	9
Amortization of intangible assets	199	196	26	446	85
Share-based compensation expense	49	50	22	153	77
Restructuring charges	39	98	-	162	3
Acquisition-related costs	18	28	6	74	14
Income from operations on non-GAAP basis	<u>\$ 636</u>	<u>\$ 428</u>	<u>\$ 229</u>	<u>\$ 1,521</u>	<u>\$ 740</u>
Income (loss) before income taxes on GAAP basis	\$ 263	\$ (219)	\$ 180	\$ 342	\$ 568
Acquisition-related purchase accounting revenue adjustment	20	18	-	38	-
Purchase accounting effect on inventory	10	200	5	210	9
Amortization of intangible assets	199	196	26	446	85
Share-based compensation expense	49	50	22	153	77
Restructuring charges	39	98	-	162	3
Acquisition-related costs	18	28	6	74	14
Loss on extinguishment of debt	-	-	1	-	1
Income before income taxes on non-GAAP basis	<u>\$ 598</u>	<u>\$ 371</u>	<u>\$ 240</u>	<u>\$ 1,425</u>	<u>\$ 757</u>
Provision for (benefit from) income taxes on GAAP basis	\$ 126	\$ (99)	\$ 8	\$ 33	\$ 16
Income tax effects of non-GAAP reconciling adjustments	(84)	123	5	49	10
Provision for income taxes on non-GAAP basis	<u>\$ 42</u>	<u>\$ 24</u>	<u>\$ 13</u>	<u>\$ 82</u>	<u>\$ 26</u>
Net income (loss) on GAAP basis	\$ 135	\$ (164)	\$ 172	\$ 263	\$ 552
Acquisition-related purchase accounting revenue adjustment	20	18	-	38	-
Purchase accounting effect on inventory	10	200	5	210	9

Amortization of intangible assets	199	196	26	446	85
Share-based compensation expense	49	50	22	153	77
Restructuring charges	39	98	-	162	3
Acquisition-related costs	18	28	6	74	14
Loss on extinguishment of debt	-	-	1	-	1
Income tax effects of non-GAAP reconciling adjustments	84	(123)	(5)	(49)	(10)
Loss from discontinued operations, net of income taxes	2	44	-	46	-
Net income on non-GAAP basis	<u>\$ 556</u>	<u>\$ 347</u>	<u>\$ 227</u>	<u>\$ 1,343</u>	<u>\$ 731</u>
Shares used in per share calculation - diluted on GAAP basis	272	252	253	267	252
Non-GAAP adjustment	8	24	2	7	1
Shares used in per share calculation - diluted on non-GAAP basis(1)	<u>280</u>	<u>276</u>	<u>255</u>	<u>274</u>	<u>253</u>
Days sales outstanding on GAAP basis	45	42			
Non-GAAP adjustment	(3)	(3)			
Days sales outstanding on non-GAAP basis(2)	<u>42</u>	<u>39</u>			
Inventory Days on Hand on GAAP basis	69	58	69		
Non-GAAP adjustment	1	21	2		
Inventory Days on Hand on non-GAAP basis(3)	<u>70</u>	<u>79</u>	<u>71</u>		

(1) The number of shares used in the diluted per share calculations on a non-GAAP basis excludes the impact of share-based compensation expense expected to be incurred in future periods and not yet recognized in the financial statements, which would otherwise be assumed to be used to repurchase shares under the GAAP treasury stock method.

(2) Days sales outstanding on a non-GAAP basis includes the impact of the acquisition-related purchase accounting revenue adjustment and excludes the impact of accounts receivable related to discontinued operations.

(3) Inventory days on hand on a non-GAAP basis excludes the impact of purchase accounting on inventory, amortization of intangible assets, share-based compensation expense, restructuring charges, acquisition-related costs, and cost of products sold attributable to discontinued operations.

AVAGO TECHNOLOGIES LIMITED
GAAP AND NON-GAAP NET REVENUE BY SEGMENT - UNAUDITED
(IN MILLIONS, EXCEPT PERCENTAGES)

	Fiscal Quarter Ended															
	November 2, 2014				August 3, 2014				November 3, 2013				Growth Rates			
	GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		GAAP		Non-GAAP			
	\$	%	\$	%	\$	%	\$	%	\$	Q/Q	Y/Y	Q/Q	Y/Y			
Net revenue by segment:																
Wireless Communications	\$ 628	40	\$ 628	39	\$ 364	29	\$ 364	28	\$ 344	73%	83%	73%	83%			
Enterprise Storage	463	29	463	29	404	32	404	32	-	15%	-	15%	-			
Wired Infrastructure	352	22	352	22	352	27	349	27	246	-	43%	1%	43%			
Industrial & Other	147	9	167	10	149	12	170	13	148	-1%	-1%	-2%	13%			
Total net revenue	<u>\$ 1,590</u>	<u>100</u>	<u>\$ 1,610</u>	<u>100</u>	<u>\$ 1,269</u>	<u>100</u>	<u>\$ 1,287</u>	<u>100</u>	<u>\$ 738</u>							

AVAGO TECHNOLOGIES LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED
(IN MILLIONS)

	November 2, 2014	November 3, 2013 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,604	\$ 985
Trade accounts receivable, net	782	418
Inventory	519	285
Assets held-for-sale	628	-
Other current assets	291	130
Total current assets	3,824	1,818
Property, plant and equipment, net	1,158	661
Goodwill	1,596	391
Intangible assets, net	3,617	492
Other long-term assets	296	53
Total assets	\$ 10,491	\$ 3,415
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 515	\$ 278
Employee compensation and benefits	232	98
Current portion of long-term debt	46	-
Other current liabilities	236	47
Total current liabilities	1,029	423
Long-term liabilities:		
Pension and post-retirement benefit obligations	506	62
Long-term debt, less current portion	5,463	-
Other long-term liabilities	250	44
Total liabilities	7,248	529
Shareholders' equity:		
Ordinary shares, no par value	2,009	1,587
Retained earnings	1,284	1,305
Accumulated other comprehensive loss	(50)	(6)
Total shareholders' equity	3,243	2,886
Total liabilities and shareholders' equity	\$ 10,491	\$ 3,415

(1) Amounts as of November 3, 2013 have been derived from audited financial statements as of that date.

AVAGO TECHNOLOGIES LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(IN MILLIONS)

	Fiscal Quarter Ended			Fiscal Year Ended	
	November 2, 2014	August 3, 2014	November 3, 2013	November 2, 2014	November 3, 2013 (1)
Cash flows from operating activities:					
Net income (loss)	\$ 135	\$ (164)	\$ 172	\$ 263	\$ 552
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	250	257	58	625	187
Share-based compensation	54	55	22	163	77
Tax benefits of share-based compensation	42	(12)	19	42	25
Excess tax benefits from share-based compensation	(39)	11	(14)	(39)	(17)
Amortization of debt discount and debt issuance costs	7	7	1	14	1
Gain from post-retirement medical plan curtailment and settlement	-	-	-	(3)	-
Gain on sale of discontinued operations	(18)	-	-	(18)	-
Other	1	10	(11)	11	(12)
Changes in assets and liabilities, net of acquisitions:					
Trade accounts receivable	(180)	11	(53)	(70)	(26)
Inventory	(6)	215	(1)	193	(55)
Accounts payable	52	(23)	9	13	22
Employee compensation and benefits	15	30	18	33	32
Other current assets and current liabilities	2	43	(4)	32	(58)
Other long-term assets and long-term liabilities	66	(126)	(4)	(84)	(6)
Net cash provided by operating activities	381	314	212	1,175	722
Cash flows from investing activities:					
Acquisitions, net of cash acquired	(317)	(5,644)	(5)	(5,961)	(414)
Purchases of property, plant and equipment	(189)	(95)	(57)	(409)	(236)
Proceeds from sale of discontinued operations	450	-	-	450	-
Purchases of investments	-	-	(5)	-	(15)
Proceeds from sale of investments	21	-	13	35	13
Net cash used in investing activities	(35)	(5,739)	(54)	(5,885)	(652)
Cash flows from financing activities:					
Proceeds from government grants	1	-	2	3	10
Proceeds from term loan borrowings	-	4,600	-	4,600	-
Proceeds from issuance of convertible senior notes	-	1,000	-	1,000	-
Debt repayments	(12)	-	-	(12)	-
Debt issuance costs	-	(124)	(2)	(124)	(2)
Payment on capital lease obligation	-	(1)	(1)	(1)	(2)
Issuance of ordinary shares	38	33	41	124	101
Repurchases of ordinary shares	-	-	(33)	(12)	(95)
Excess tax benefits from share-based compensation	39	(11)	14	39	17
Dividend payments to shareholders	(81)	(73)	(57)	(284)	(198)
Payments for settlement of acquisition liability	(4)	-	-	(4)	-
Net cash provided by (used in) financing activities	(19)	5,424	(36)	5,329	(169)
Net increase (decrease) in cash and cash equivalents	327	(1)	122	619	(99)
Cash and cash equivalents at beginning of period	1,277	1,278	863	985	1,084
Cash and cash equivalents at end of period	<u>\$ 1,604</u>	<u>\$ 1,277</u>	<u>\$ 985</u>	<u>\$ 1,604</u>	<u>\$ 985</u>