

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

	<u>Fiscal Quarter Ended</u>			<u>Two Fiscal Quarters Ended</u>	
	<u>May 5, 2013</u>	<u>February 3, 2013</u>	<u>April 29, 2012</u>	<u>May 5, 2013</u>	<u>April 29, 2012</u>
Net revenue	\$ 562	\$ 576	\$ 577	\$ 1,138	\$ 1,140
Cost of products sold:					
Cost of products sold	276	286	284	562	563
Amortization of intangible assets	14	14	14	28	28
Restructuring charges	-	-	1	-	1
Total cost of products sold	<u>290</u>	<u>300</u>	<u>299</u>	<u>590</u>	<u>592</u>
Gross margin	<u>272</u>	<u>276</u>	<u>278</u>	<u>548</u>	<u>548</u>
Research and development	95	93	84	188	166
Selling, general and administrative	52	53	51	105	101
Amortization of intangible assets	6	5	5	11	10
Restructuring charges	1	1	1	2	2
Total operating expenses	<u>154</u>	<u>152</u>	<u>141</u>	<u>306</u>	<u>279</u>
Income from operations	118	124	137	242	269
Interest expense	(1)	-	-	(1)	(1)
Other income, net	1	2	3	3	2
Income before income taxes	<u>118</u>	<u>126</u>	<u>140</u>	<u>244</u>	<u>270</u>
Provision for income taxes	5	1	6	6	11
Net income	<u>\$ 113</u>	<u>\$ 125</u>	<u>\$ 134</u>	<u>\$ 238</u>	<u>\$ 259</u>
Net income per share:					
Basic	\$ 0.46	\$ 0.51	\$ 0.55	\$ 0.97	\$ 1.05
Diluted	\$ 0.45	\$ 0.50	\$ 0.54	\$ 0.95	\$ 1.03
Shares used in per share calculations:					
Basic	246	246	244	246	246
Diluted	251	251	250	251	251
Share-based compensation expense included in:					
Cost of products sold	\$ 2	\$ 2	\$ 2	\$ 4	\$ 3
Research and development	7	7	5	14	9
Selling, general and administrative	8	9	6	17	12
Total share-based compensation expense	<u>\$ 17</u>	<u>\$ 18</u>	<u>\$ 13</u>	<u>\$ 35</u>	<u>\$ 24</u>

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

	<u>Fiscal Quarter Ended</u>			<u>Two Fiscal Quarters Ended</u>	
	<u>May 5, 2013</u>	<u>February 3, 2013</u>	<u>April 29, 2012</u>	<u>May 5, 2013</u>	<u>April 29, 2012</u>
Net revenue	\$ 562	\$ 576	\$ 577	\$ 1,138	\$ 1,140
Gross margin	\$ 288	\$ 292	\$ 295	\$ 580	\$ 580
% of net revenue	51%	51%	51%	51%	51%
Research and development	\$ 88	\$ 86	\$ 79	\$ 174	\$ 157
Selling, general and administrative	\$ 42	\$ 44	\$ 45	\$ 86	\$ 89
Total operating expenses	\$ 130	\$ 130	\$ 124	\$ 260	\$ 246
% of net revenue	23%	23%	21%	23%	22%
Income from operations	\$ 158	\$ 162	\$ 171	\$ 320	\$ 334
Net income	\$ 153	\$ 163	\$ 168	\$ 316	\$ 324
Net income per share - diluted	\$ 0.61	\$ 0.65	\$ 0.66	\$ 1.25	\$ 1.28
Shares used in per share calculation - diluted	252	252	253	252	254

(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 amortization of intangible assets, share-based compensation, restructuring charges and acquisition-related costs.

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

	<u>Fiscal Quarter Ended</u>			<u>Two Fiscal Quarters Ended</u>	
	<u>May 5, 2013</u>	<u>February 3, 2013</u>	<u>April 29, 2012</u>	<u>May 5, 2013</u>	<u>April 29, 2012</u>
Net income on GAAP basis	\$ 113	\$ 125	\$ 134	\$ 238	\$ 259
Amortization of intangible assets	20	19	19	39	38
Share-based compensation expense	17	18	13	35	24
Restructuring charges	1	1	2	2	3
Acquisition-related costs	2	-	-	2	-
Net income on Non-GAAP basis	<u>\$ 153</u>	<u>\$ 163</u>	<u>\$ 168</u>	<u>\$ 316</u>	<u>\$ 324</u>
Gross margin on GAAP basis	272	276	278	548	548
Amortization of intangible assets	14	14	14	28	28
Share-based compensation expense	2	2	2	4	3
Restructuring charges	-	-	1	-	1
Gross margin on Non-GAAP basis	<u>\$ 288</u>	<u>\$ 292</u>	<u>\$ 295</u>	<u>\$ 580</u>	<u>\$ 580</u>
Research and development on GAAP basis	95	93	84	188	166
Share-based compensation expense	7	7	5	14	9
Research and development on Non-GAAP basis	<u>\$ 88</u>	<u>\$ 86</u>	<u>\$ 79</u>	<u>\$ 174</u>	<u>\$ 157</u>
Selling, general and administrative on GAAP basis	\$ 52	\$ 53	\$ 51	\$ 105	\$ 101
Share-based compensation expense	8	9	6	17	12
Acquisition-related costs	2	-	-	2	-
Selling, general and administrative on Non-GAAP basis	<u>\$ 42</u>	<u>\$ 44</u>	<u>\$ 45</u>	<u>\$ 86</u>	<u>\$ 89</u>
Total operating expenses on GAAP basis	\$ 154	\$ 152	\$ 141	\$ 306	\$ 279
Amortization of intangible assets	6	5	5	11	10
Share-based compensation expense	15	16	11	31	21
Restructuring charges	1	1	1	2	2
Acquisition-related costs	2	-	-	2	-
Total operating expenses on Non-GAAP basis	<u>\$ 130</u>	<u>\$ 130</u>	<u>\$ 124</u>	<u>\$ 260</u>	<u>\$ 246</u>
Income from operations on GAAP basis	\$ 118	\$ 124	\$ 137	\$ 242	\$ 269
Amortization of intangible assets	20	19	19	39	38
Share-based compensation expense	17	18	13	35	24
Restructuring charges	1	1	2	2	3
Acquisition-related costs	2	-	-	2	-
Income from operations on Non-GAAP basis	<u>\$ 158</u>	<u>\$ 162</u>	<u>\$ 171</u>	<u>\$ 320</u>	<u>\$ 334</u>
Shares used in per share calculation - diluted on GAAP basis	251	251	250	251	251
Non-GAAP adjustment	1	1	3	1	3
Shares used in per share calculation - diluted on Non-GAAP basis(1)	<u>252</u>	<u>252</u>	<u>253</u>	<u>252</u>	<u>254</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.

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

	<u>May 5,</u> <u>2013</u>	<u>October 28,</u> <u>2012 (1)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,219	\$ 1,084
Trade accounts receivable, net	271	341
Inventory	229	194
Other current assets	99	72
Total current assets	<u>1,818</u>	<u>1,691</u>
Property, plant and equipment, net	561	503
Goodwill	201	180
Intangible assets, net	393	422
Other long-term assets	66	66
Total assets	<u>\$ 3,039</u>	<u>\$ 2,862</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 240	\$ 248
Employee compensation and benefits	59	61
Capital lease obligations - current	1	1
Other current liabilities	30	36
Total current liabilities	<u>330</u>	<u>346</u>
Long-term liabilities:		
Capital lease obligations - non-current	2	2
Other long-term liabilities	96	95
Total liabilities	<u>428</u>	<u>443</u>
Shareholders' equity:		
Ordinary shares, no par value	1,518	1,479
Retained earnings	1,100	951
Accumulated other comprehensive loss	(7)	(11)
Total shareholders' equity	<u>2,611</u>	<u>2,419</u>
Total liabilities and shareholders' equity	<u>\$ 3,039</u>	<u>\$ 2,862</u>

(1) Amounts as of October 28, 2012 have been derived from audited consolidated financial statements as of that date.

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

	Fiscal Quarter Ended			Two Fiscal Quarters Ended	
	May 5, 2013	February 3, 2013	April 29, 2012	May 5, 2013	April 29, 2012
Cash flows from operating activities:					
Net income	\$ 113	\$ 125	\$ 134	\$ 238	\$ 259
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	42	41	38	83	75
Loss on disposal of property, plant and equipment	1	-	1	1	1
Share-based compensation	18	17	13	35	24
Tax benefits of share-based compensation	-	-	2	-	2
Excess tax benefits from share-based compensation	-	-	(1)	-	(1)
Other	1	(2)	-	(1)	2
Changes in assets and liabilities, net of acquisitions:					
Trade accounts receivable	(5)	75	34	70	54
Inventory	(20)	(14)	(25)	(34)	(24)
Accounts payable	36	(34)	21	2	13
Employee compensation and benefits	11	(13)	6	(2)	(32)
Other current assets and current liabilities	(7)	(11)	(8)	(18)	(18)
Other long-term assets and long-term liabilities	1	1	(4)	2	(5)
Net cash provided by operating activities	<u>191</u>	<u>185</u>	<u>211</u>	<u>376</u>	<u>350</u>
Cash flows from investing activities:					
Purchases of property, plant and equipment	(47)	(67)	(56)	(114)	(103)
Acquisitions and investment, net of cash acquired	(37)	(9)	-	(46)	-
Net cash used in investing activities	<u>(84)</u>	<u>(76)</u>	<u>(56)</u>	<u>(160)</u>	<u>(103)</u>
Cash flows from financing activities:					
Proceeds from government grants	2	3	1	5	2
Payments of capital lease obligations	(1)	-	(1)	(1)	(1)
Issuance of ordinary shares	18	10	17	28	22
Repurchases of ordinary shares	(11)	(13)	(6)	(24)	(85)
Excess tax benefits from share-based compensation	-	-	1	-	1
Dividend payments to shareholders	(47)	(42)	(32)	(89)	(61)
Net cash used in financing activities	<u>(39)</u>	<u>(42)</u>	<u>(20)</u>	<u>(81)</u>	<u>(122)</u>
Net increase in cash and cash equivalents	68	67	135	135	125
Cash and cash equivalents at the beginning of period	1,151	1,084	819	1,084	829
Cash and cash equivalents at end of period	<u>\$ 1,219</u>	<u>\$ 1,151</u>	<u>\$ 954</u>	<u>\$ 1,219</u>	<u>\$ 954</u>