

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

	<u>Fiscal Quarter Ended</u>			<u>Three Fiscal Quarters Ended</u>	
	<u>August 4, 2013</u>	<u>May 5, 2013</u>	<u>July 29, 2012</u>	<u>August 4, 2013</u>	<u>July 29, 2012</u>
Net revenue	\$ 644	\$ 562	\$ 606	\$ 1,782	\$ 1,746
Cost of products sold:					
Cost of products sold	325	276	297	887	860
Amortization of intangible assets	14	14	14	42	42
Restructuring charges	1	-	-	1	1
Total cost of products sold	<u>340</u>	<u>290</u>	<u>311</u>	<u>930</u>	<u>903</u>
Gross margin	<u>304</u>	<u>272</u>	<u>295</u>	<u>852</u>	<u>843</u>
Research and development	101	95	89	289	255
Selling, general and administrative	57	52	49	162	150
Amortization of intangible assets	6	6	6	17	16
Restructuring charges	-	1	2	2	4
Total operating expenses	<u>164</u>	<u>154</u>	<u>146</u>	<u>470</u>	<u>425</u>
Income from operations	140	118	149	382	418
Interest expense	(1)	(1)	-	(2)	(1)
Other income, net	5	1	1	8	3
Income before income taxes	<u>144</u>	<u>118</u>	<u>150</u>	<u>388</u>	<u>420</u>
Provision for income taxes	2	5	5	8	16
Net income	<u>\$ 142</u>	<u>\$ 113</u>	<u>\$ 145</u>	<u>\$ 380</u>	<u>\$ 404</u>
Net income per share:					
Basic	\$ 0.57	\$ 0.46	\$ 0.59	\$ 1.54	\$ 1.65
Diluted	\$ 0.56	\$ 0.45	\$ 0.58	\$ 1.51	\$ 1.61
Shares used in per share calculations:					
Basic	248	246	245	246	245
Diluted	252	251	250	251	251
Share-based compensation expense included in:					
Cost of products sold	\$ 3	\$ 2	\$ 1	\$ 7	\$ 4
Research and development	8	7	6	22	15
Selling, general and administrative	9	8	8	26	20
Total share-based compensation expense	<u>\$ 20</u>	<u>\$ 17</u>	<u>\$ 15</u>	<u>\$ 55</u>	<u>\$ 39</u>

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

	Fiscal Quarter Ended			Three Fiscal Quarters Ended	
	August 4, 2013	May 5, 2013	July 29, 2012	August 4, 2013	July 29, 2012
Net revenue	\$ 644	\$ 562	\$ 606	\$ 1,782	\$ 1,746
Gross margin	\$ 328	\$ 288	\$ 310	\$ 908	\$ 890
% of net revenue	51%	51%	51%	51%	51%
Research and development	\$ 91	\$ 88	\$ 83	\$ 265	\$ 240
Selling, general and administrative	\$ 46	\$ 42	\$ 41	\$ 132	\$ 130
Total operating expenses	\$ 137	\$ 130	\$ 124	\$ 397	\$ 370
% of net revenue	21%	23%	20%	22%	21%
Income from operations	\$ 191	\$ 158	\$ 186	\$ 511	\$ 520
Income before income taxes	\$ 195	\$ 158	\$ 187	\$ 517	\$ 522
Provision for income taxes	\$ 7	\$ 5	\$ 5	\$ 13	\$ 16
Net income	\$ 188	\$ 153	\$ 182	\$ 504	\$ 506
Net income per share - diluted	\$ 0.74	\$ 0.61	\$ 0.72	\$ 1.99	\$ 1.99
Shares used in per share calculation - diluted	253	252	252	253	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 expense, restructuring charges, acquisition-related costs and income tax effects of non-GAAP reconciling adjustments.

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

	Fiscal Quarter Ended			Three Fiscal Quarters Ended	
	August 4, 2013	May 5, 2013	July 29, 2012	August 4, 2013	July 29, 2012
Net income on GAAP basis	\$ 142	\$ 113	\$ 145	\$ 380	\$ 404
Amortization of intangible assets	20	20	20	59	58
Share-based compensation expense	20	17	15	55	39
Restructuring charges	1	1	2	3	5
Acquisition-related costs	10	2	-	12	-
Income tax effects of non-GAAP reconciling adjustments	(5)	-	-	(5)	-
Net income on Non-GAAP basis	<u>\$ 188</u>	<u>\$ 153</u>	<u>\$ 182</u>	<u>\$ 504</u>	<u>\$ 506</u>
Gross margin on GAAP basis	\$ 304	\$ 272	\$ 295	\$ 852	\$ 843
Amortization of intangible assets	14	14	14	42	42
Share-based compensation expense	3	2	1	7	4
Restructuring charges	1	-	-	1	1
Acquisition-related costs	6	-	-	6	-
Gross margin on Non-GAAP basis	<u>\$ 328</u>	<u>\$ 288</u>	<u>\$ 310</u>	<u>\$ 908</u>	<u>\$ 890</u>
Research and development on GAAP basis	101	95	\$ 89	289	\$ 255
Share-based compensation expense	8	7	6	22	15
Acquisition-related costs	2	-	-	2	-
Research and development on Non-GAAP basis	<u>\$ 91</u>	<u>\$ 88</u>	<u>\$ 83</u>	<u>\$ 265</u>	<u>\$ 240</u>
Selling, general and administrative on GAAP basis	\$ 57	\$ 52	\$ 49	\$ 162	\$ 150
Share-based compensation expense	9	8	8	26	20
Acquisition-related costs	2	2	-	4	-
Selling, general and administrative on Non-GAAP basis	<u>\$ 46</u>	<u>\$ 42</u>	<u>\$ 41</u>	<u>\$ 132</u>	<u>\$ 130</u>
Total operating expenses on GAAP basis	\$ 164	\$ 154	\$ 146	\$ 470	\$ 425
Amortization of intangible assets	6	6	6	17	16
Share-based compensation expense	17	15	14	48	35
Restructuring charges	-	1	2	2	4
Acquisition-related costs	4	2	-	6	-
Total operating expenses on Non-GAAP basis	<u>\$ 137</u>	<u>\$ 130</u>	<u>\$ 124</u>	<u>\$ 397</u>	<u>\$ 370</u>
Income from operations on GAAP basis	\$ 140	\$ 118	\$ 149	\$ 382	\$ 418
Amortization of intangible assets	20	20	20	59	58
Share-based compensation expense	20	17	15	55	39
Restructuring charges	1	1	2	3	5
Acquisition-related costs	10	2	-	12	-
Income from operations on Non-GAAP basis	<u>\$ 191</u>	<u>\$ 158</u>	<u>\$ 186</u>	<u>\$ 511</u>	<u>\$ 520</u>
Income before income taxes on GAAP basis	\$ 144	\$ 118	\$ 150	\$ 388	\$ 420
Amortization of intangible assets	20	20	20	59	58
Share-based compensation expense	20	17	15	55	39
Restructuring charges	1	1	2	3	5
Acquisition-related costs	10	2	-	12	-
Income before income taxes on Non-GAAP basis	<u>\$ 195</u>	<u>\$ 158</u>	<u>\$ 187</u>	<u>\$ 517</u>	<u>\$ 522</u>
Provision for income taxes on GAAP basis	\$ 2	\$ 5	\$ 5	\$ 8	\$ 16
Income tax effects of non-GAAP reconciling adjustments	5	-	-	5	-
Provision for income taxes on non-GAAP basis	<u>\$ 7</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 13</u>	<u>\$ 16</u>
Shares used in per share calculation - diluted on GAAP basis	252	251	250	251	251
Non-GAAP adjustment	1	1	2	2	3
Shares used in per share calculation - diluted on Non-GAAP basis(1)	<u>253</u>	<u>252</u>	<u>252</u>	<u>253</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)

	August 4, 2013	October 28, 2012 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 863	\$ 1,084
Trade accounts receivable, net	365	341
Inventory	284	194
Other current assets	129	72
Total current assets	1,641	1,691
Property, plant and equipment, net	620	503
Goodwill	388	180
Intangible assets, net	514	422
Other long-term assets	36	66
Total assets	\$ 3,199	\$ 2,862
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 266	\$ 248
Employee compensation and benefits	80	61
Capital lease obligations - current	2	1
Other current liabilities	27	36
Total current liabilities	375	346
Long-term liabilities:		
Capital lease obligations - non-current	1	2
Other long-term liabilities	97	95
Total liabilities	473	443
Shareholders' equity:		
Ordinary shares, no par value	1,538	1,479
Retained earnings	1,190	951
Accumulated other comprehensive loss	(2)	(11)
Total shareholders' equity	2,726	2,419
Total liabilities and shareholders' equity	\$ 3,199	\$ 2,862

(1) Amounts as of October 28, 2012 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			Three Fiscal Quarters Ended	
	August 4, 2013	May 5, 2013	July 29, 2012	August 4, 2013	July 29, 2012
Cash flows from operating activities:					
Net income	\$ 142	\$ 113	\$ 145	\$ 380	\$ 404
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	46	42	40	129	115
Share-based compensation	20	18	15	55	39
Tax benefits of share-based compensation	6	-	8	6	10
Excess tax benefits from share-based compensation	(3)	-	(5)	(3)	(6)
Other	(1)	2	2	(1)	5
Changes in assets and liabilities, net of acquisitions:					
Trade accounts receivable	(43)	(5)	(56)	27	(2)
Inventory	(20)	(20)	2	(54)	(22)
Accounts payable	11	36	(27)	13	(14)
Employee compensation and benefits	16	11	12	14	(20)
Other current assets and current liabilities	(33)	(7)	(7)	(51)	(25)
Other long-term assets and long-term liabilities	(4)	1	(1)	(2)	(6)
Net cash provided by operating activities	137	191	128	513	478
Cash flows from investing activities:					
Purchases of property, plant and equipment	(65)	(47)	(65)	(179)	(168)
Acquisitions and investments, net of cash acquired	(373)	(37)	(2)	(419)	(2)
Net cash used in investing activities	(438)	(84)	(67)	(598)	(170)
Cash flows from financing activities:					
Proceeds from government grants	-	2	-	5	2
Payments of capital lease obligations	-	(1)	(1)	(1)	(2)
Issuance of ordinary shares	32	18	6	60	28
Repurchases of ordinary shares	(38)	(11)	(15)	(62)	(100)
Excess tax benefits from share-based compensation	3	-	5	3	6
Dividend payments to shareholders	(52)	(47)	(37)	(141)	(98)
Net cash used in financing activities	(55)	(39)	(42)	(136)	(164)
Net (decrease) increase in cash and cash equivalents	(356)	68	19	(221)	144
Cash and cash equivalents at the beginning of period	1,219	1,151	954	1,084	829
Cash and cash equivalents at end of period	\$ 863	\$ 1,219	\$ 973	\$ 863	\$ 973