

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

	Fiscal Quarter Ended			Three Fiscal Quarters Ended	
	August 2, 2015	May 3, 2015	August 3, 2014	August 2, 2015	August 3, 2014
Net revenue	\$ 1,735	\$ 1,614	\$ 1,269	\$ 4,984	\$ 2,679
Cost of products sold:					
Cost of products sold	694	654	560	2,038	1,233
Purchase accounting effect on inventory	26	-	200	30	200
Amortization of intangible assets	129	113	105	355	141
Restructuring charges	2	1	11	5	16
Total cost of products sold	<u>851</u>	<u>768</u>	<u>876</u>	<u>2,428</u>	<u>1,590</u>
Gross margin	884	846	393	2,556	1,089
Research and development	276	251	240	762	461
Selling, general and administrative	143	108	137	368	278
Amortization of intangible assets	68	59	91	186	106
Restructuring and asset impairment charges	98	10	87	122	107
Total operating expenses	<u>585</u>	<u>428</u>	<u>555</u>	<u>1,438</u>	<u>952</u>
Operating income (loss)	299	418	(162)	1,118	137
Interest expense	(43)	(53)	(55)	(150)	(56)
Other income (expense), net	11	(1)	(2)	14	(2)
Income (loss) from continuing operations before income taxes	<u>267</u>	<u>364</u>	<u>(219)</u>	<u>982</u>	<u>79</u>
Provision for (benefit from) income taxes	23	25	(99)	61	(93)
Income (loss) from continuing operations	244	339	(120)	921	172
Income (loss) from discontinued operations (including a gain on disposal of \$14 million in the three fiscal quarters ended August 2, 2015), net of income taxes	(4)	5	(44)	14	(44)
Net income (loss)	<u>\$ 240</u>	<u>\$ 344</u>	<u>\$ (164)</u>	<u>\$ 935</u>	<u>\$ 128</u>
Basic income (loss) per share:					
Income (loss) per share from continuing operations	\$ 0.92	\$ 1.31	\$ (0.48)	\$ 3.54	\$ 0.69
Income (loss) per share from discontinued operations, net of income taxes	\$ (0.01)	\$ 0.02	\$ (0.17)	\$ 0.06	\$ (0.18)
Net income (loss) per share	\$ 0.91	\$ 1.33	\$ (0.65)	\$ 3.60	\$ 0.51
Diluted income (loss) per share:					
Income (loss) per share from continuing operations	\$ 0.85	\$ 1.19	\$ (0.48)	\$ 3.25	\$ 0.65
Income (loss) per share from discontinued operations, net of income taxes	\$ (0.01)	\$ 0.02	\$ (0.17)	\$ 0.05	\$ (0.17)
Net income (loss) per share	\$ 0.84	\$ 1.21	\$ (0.65)	\$ 3.30	\$ 0.48
Shares used in per share calculations:					
Basic	265	258	252	260	251
Diluted	287	284	252	283	265
Share-based compensation expense included in continuing operations:					
Cost of products sold	\$ 7	\$ 6	\$ 6	\$ 19	\$ 12
Research and development	31	27	20	77	38
Selling, general and administrative	25	24	24	73	54
Total share-based compensation expense	<u>\$ 63</u>	<u>\$ 57</u>	<u>\$ 50</u>	<u>\$ 169</u>	<u>\$ 104</u>

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

	Fiscal Quarter Ended			Three Fiscal Quarters Ended	
	August 2, 2015	May 3, 2015	August 3, 2014	August 2, 2015	August 3, 2014
Net revenue on GAAP basis	\$ 1,735	\$ 1,614	\$ 1,269	\$ 4,984	\$ 2,679
Acquisition-related purchase accounting revenue adjustment	15	31	18	68	18
Net revenue on non-GAAP basis	<u>\$ 1,750</u>	<u>\$ 1,645</u>	<u>\$ 1,287</u>	<u>\$ 5,052</u>	<u>\$ 2,697</u>
Gross margin on GAAP basis	\$ 884	\$ 846	\$ 393	\$ 2,556	\$ 1,089
Acquisition-related purchase accounting revenue adjustment	15	31	18	68	18
Purchase accounting effect on inventory	26	-	200	30	200
Amortization of intangible assets	129	113	105	355	141
Share-based compensation expense	7	6	6	19	12
Restructuring charges	2	1	11	5	16
Acquisition-related costs	-	1	2	2	6
Gross margin on non-GAAP basis	<u>\$ 1,063</u>	<u>\$ 998</u>	<u>\$ 735</u>	<u>\$ 3,035</u>	<u>\$ 1,482</u>
Research and development on GAAP basis	\$ 276	\$ 251	\$ 240	\$ 762	\$ 461
Share-based compensation expense	31	27	20	77	38
Acquisition-related costs	-	3	1	9	5
Research and development on non-GAAP basis	<u>\$ 245</u>	<u>\$ 221</u>	<u>\$ 219</u>	<u>\$ 676</u>	<u>\$ 418</u>
Selling, general and administrative expense on GAAP basis	\$ 143	\$ 108	\$ 137	\$ 368	\$ 278
Share-based compensation expense	25	24	24	73	54
Acquisition-related costs	33	8	25	51	45
Selling, general and administrative expense on non-GAAP basis	<u>\$ 85</u>	<u>\$ 76</u>	<u>\$ 88</u>	<u>\$ 244</u>	<u>\$ 179</u>
Total operating expenses on GAAP basis	\$ 585	\$ 428	\$ 555	\$ 1,438	\$ 952
Amortization of intangible assets	68	59	91	186	106
Share-based compensation expense	56	51	44	150	92
Restructuring and asset impairment charges	98	10	87	122	107
Acquisition-related costs	33	11	26	60	50
Total operating expenses on non-GAAP basis	<u>\$ 330</u>	<u>\$ 297</u>	<u>\$ 307</u>	<u>\$ 920</u>	<u>\$ 597</u>
Operating income (loss) on GAAP basis	\$ 299	\$ 418	\$ (162)	\$ 1,118	\$ 137
Acquisition-related purchase accounting revenue adjustment	15	31	18	68	18
Purchase accounting effect on inventory	26	-	200	30	200
Amortization of intangible assets	197	172	196	541	247
Share-based compensation expense	63	57	50	169	104
Restructuring and asset impairment charges	100	11	98	127	123
Acquisition-related costs	33	12	28	62	56
Operating income on non-GAAP basis	<u>\$ 733</u>	<u>\$ 701</u>	<u>\$ 428</u>	<u>\$ 2,115</u>	<u>\$ 885</u>
Other income (expense), net on GAAP basis	\$ 11	\$ (1)	\$ (2)	\$ 14	\$ (2)
Write-off of debt issuance costs	-	13	-	13	-
Gain on extinguishment of debt	(3)	-	-	(3)	-
Other income (expense), net on non-GAAP basis	<u>\$ 8</u>	<u>\$ 12</u>	<u>\$ (2)</u>	<u>\$ 24</u>	<u>\$ (2)</u>
Income (loss) from continuing operations before income taxes on GAAP basis	\$ 267	\$ 364	\$ (219)	\$ 982	\$ 79
Acquisition-related purchase accounting revenue adjustment	15	31	18	68	18
Purchase accounting effect on inventory	26	-	200	30	200
Amortization of intangible assets	197	172	196	541	247
Share-based compensation expense	63	57	50	169	104
Restructuring and asset impairment charges	100	11	98	127	123
Acquisition-related costs	33	12	28	62	56
Write-off of debt issuance costs	-	13	-	13	-
Gain on extinguishment of debt	(3)	-	-	(3)	-
Income before income taxes on non-GAAP basis	<u>\$ 698</u>	<u>\$ 660</u>	<u>\$ 371</u>	<u>\$ 1,989</u>	<u>\$ 827</u>
Provision for (benefit from) income taxes on GAAP basis	\$ 23	\$ 25	\$ (99)	\$ 61	\$ (93)
Income tax effects of non-GAAP reconciling adjustments	15	15	123	52	133
Provision for income taxes on non-GAAP basis	<u>\$ 38</u>	<u>\$ 40</u>	<u>\$ 24</u>	<u>\$ 113</u>	<u>\$ 40</u>
Net income (loss) on GAAP basis	\$ 240	\$ 344	\$ (164)	\$ 935	\$ 128

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

	Fiscal Quarter Ended			Three Fiscal Quarters Ended	
	August 2, 2015	May 3, 2015	August 3, 2014	August 2, 2015	August 3, 2014
Acquisition-related purchase accounting revenue adjustment	15	31	18	68	18
Purchase accounting effect on inventory	26	-	200	30	200
Amortization of intangible assets	197	172	196	541	247
Share-based compensation expense	63	57	50	169	104
Restructuring and asset impairment charges	100	11	98	127	123
Acquisition-related costs	33	12	28	62	56
Write-off of debt issuance costs	-	13	-	13	-
Gain on extinguishment of debt	(3)	-	-	(3)	-
Income tax effects of non-GAAP reconciling adjustments	(15)	(15)	(123)	(52)	(133)
Discontinued operations, net of income taxes	4	(5)	44	(14)	44
Net income on non-GAAP basis	<u>\$ 660</u>	<u>\$ 620</u>	<u>\$ 347</u>	<u>\$ 1,876</u>	<u>\$ 787</u>
Shares used in per share calculation - diluted on GAAP basis	287	284	252	283	265
Non-GAAP adjustment	7	7	24	7	6
Shares used in per share calculation - diluted on non-GAAP basis(1)	<u>294</u>	<u>291</u>	<u>276</u>	<u>290</u>	<u>271</u>
Days sales outstanding on GAAP basis	43	43	42		
Non-GAAP adjustment	(1)	(1)	(3)		
Days sales outstanding on non-GAAP basis(2)	<u>42</u>	<u>42</u>	<u>39</u>		
Inventory Days on Hand on GAAP basis	64	68	58		
Non-GAAP adjustment	3	1	21		
Inventory Days on Hand on non-GAAP basis(3)	<u>67</u>	<u>69</u>	<u>79</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												Growth Rates									
	August 2, 2015				May 3, 2015				August 3, 2014				GAAP		Non-GAAP							
	GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP		Q/Q	Y/Y	Q/Q	Y/Y						
Net revenue by segment:																						
Wireless Communications	\$	616	36 %	\$	616	35 %	\$	576	36 %	\$	576	35 %	\$	364	29 %	\$	364	28 %	7%	69%	7%	69%
Enterprise Storage		588	34		588	34		467	29		467	28		404	32		404	32	26%	46%	26%	46%
Wired Infrastructure		372	21		372	21		382	23		382	23		352	27		349	27	-3%	6%	-3%	7%
Industrial & Other (1)		159	9		174	10		189	12		220	14		149	12		170	13	-16%	7%	-21%	2%
Total net revenue	\$	<u>1,735</u>	<u>100 %</u>	\$	<u>1,750</u>	<u>100 %</u>	\$	<u>1,614</u>	<u>100 %</u>	\$	<u>1,645</u>	<u>100 %</u>	\$	<u>1,269</u>	<u>100 %</u>	\$	<u>1,287</u>	<u>100 %</u>				

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

	August 2, 2015	November 2, 2014 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,354	\$ 1,604
Trade accounts receivable, net	809	782
Inventory	507	519
Assets held-for-sale	109	628
Other current assets	390	302
Total current assets	3,169	3,835
Property, plant and equipment, net	1,392	1,158
Goodwill	1,729	1,596
Intangible assets, net	3,469	3,617
Other long-term assets	229	285
Total assets	\$ 9,988	\$ 10,491
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 501	\$ 515
Employee compensation and benefits	230	219
Other current liabilities	175	236
Current portion of long-term debt	46	46
Total current liabilities	952	1,016
Long-term liabilities:		
Long-term debt	3,915	4,543
Convertible notes payable to related party - non-current	-	920
Pension and post-retirement benefit obligations	467	506
Other long-term liabilities	373	263
Total liabilities	5,707	7,248
Shareholders' equity:		
Ordinary shares, no par value	2,403	2,009
Retained earnings	1,927	1,284
Accumulated other comprehensive loss	(49)	(50)
Total shareholders' equity	4,281	3,243
Total liabilities and shareholders' equity	\$ 9,988	\$ 10,491

(1) Amounts as of November 2, 2014 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 2, 2015	May 3, 2015	August 3, 2014	August 2, 2015	August 3, 2014
Cash flows from operating activities:					
Net income (loss)	\$ 240	\$ 344	\$ (164)	\$ 935	\$ 128
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	256	230	257	712	375
Amortization of debt issuance costs and accretion of debt discount	4	7	7	18	7
Share-based compensation	63	57	55	169	109
Tax benefits of share-based compensation	32	52	(12)	105	-
Excess tax from share-based compensation	(32)	(50)	11	(102)	-
Non-cash portion of restructuring and asset impairment charges	70	-	-	75	-
Gain on sale of business	-	-	-	(14)	-
Deferred taxes	(33)	4	(18)	(35)	(20)
Other	1	13	10	20	7
Changes in assets and liabilities, net of acquisitions and disposals:					
Trade accounts receivable, net	(2)	(40)	11	22	110
Inventory	20	10	215	63	199
Accounts payable	(29)	55	(23)	(52)	(39)
Employee compensation and benefits	29	49	30	(12)	18
Other current assets and current liabilities	(39)	(25)	42	(130)	31
Other long-term assets and long-term liabilities	12	(43)	(107)	(38)	(131)
Net cash provided by operating activities	592	663	314	1,736	794
Cash flows from investing activities:					
Proceeds from sale of business	-	-	-	650	-
Acquisition of businesses, net of cash acquired	(394)	-	(5,644)	(394)	(5,644)
Purchases of property, plant and equipment	(148)	(177)	(95)	(487)	(220)
Proceeds from disposals of property, plant and equipment	-	37	-	63	-
Purchases of investments	-	(9)	-	(9)	-
Proceeds from sale of investments	-	-	-	-	14
Net cash used in investing activities	(542)	(149)	(5,739)	(177)	(5,850)
Cash flows from financing activities:					
Debt repayments	(1,010)	(605)	-	(1,627)	-
Payment of assumed debt	(178)	-	-	(178)	-
Proceeds from term loan borrowings	-	-	4,600	-	4,600
Proceeds from issuance of convertible senior notes	-	-	1,000	-	1,000
Debt issuance costs	-	-	(124)	-	(124)
Issuance of ordinary shares	56	79	33	186	86
Dividend payments to shareholders	(104)	(99)	(73)	(292)	(203)
Repurchases of ordinary shares	-	-	-	-	(12)
Excess tax from share-based compensation	32	50	(11)	102	-
Proceeds from government grants	-	-	-	-	2
Payment of capital lease obligations	-	-	(1)	-	(1)
Net cash (used in) provided by financing activities	(1,204)	(575)	5,424	(1,809)	5,348
Net change in cash and cash equivalents	(1,154)	(61)	(1)	(250)	292
Cash and cash equivalents at beginning of period	2,508	2,569	1,278	1,604	985
Cash and cash equivalents at end of period	<u>\$ 1,354</u>	<u>\$ 2,508</u>	<u>\$ 1,277</u>	<u>\$ 1,354</u>	<u>\$ 1,277</u>