

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

	Fiscal Quarter Ended		
	February 2, 2014	November 3, 2013	February 3, 2013
Net revenue	\$ 709	\$ 738	\$ 576
Cost of products sold:			
Cost of products sold	347	373	286
Amortization of intangible assets	18	19	14
Restructuring charges	5	-	-
Total cost of products sold	<u>370</u>	<u>392</u>	<u>300</u>
Gross margin	<u>339</u>	<u>346</u>	<u>276</u>
Research and development	107	109	93
Selling, general and administrative	74	60	53
Amortization of intangible assets	7	7	5
Restructuring charges	12	-	1
Total operating expenses	<u>200</u>	<u>176</u>	<u>152</u>
Income from operations	139	170	124
Loss on extinguishment of debt	-	(1)	-
Other income, net	-	11	2
Income before income taxes	<u>139</u>	<u>180</u>	<u>126</u>
Provision for income taxes	5	8	1
Net income	<u>\$ 134</u>	<u>\$ 172</u>	<u>\$ 125</u>
Net income per share:			
Basic	\$ 0.54	\$ 0.69	\$ 0.51
Diluted	\$ 0.53	\$ 0.68	\$ 0.50
Shares used in per share calculations:			
Basic	249	248	246
Diluted	255	253	251
Share-based compensation expense included in:			
Cost of products sold	\$ 3	\$ 3	\$ 2
Research and development	8	8	7
Selling, general and administrative	13	11	9
Total share-based compensation expense	<u>\$ 24</u>	<u>\$ 22</u>	<u>\$ 18</u>

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

	Fiscal Quarter Ended		
	February 2, 2014	November 3, 2013	February 3, 2013
Net revenue	\$ 709	\$ 738	\$ 576
Gross margin	\$ 366	\$ 374	\$ 292
% of net revenue	52%	51%	51%
Research and development	\$ 98	\$ 100	\$ 86
Selling, general and administrative	\$ 44	\$ 45	\$ 44
Total operating expenses	\$ 142	\$ 145	\$ 130
% of net revenue	20%	20%	23%
Income from operations	\$ 224	\$ 229	\$ 162
Income before income taxes	\$ 224	\$ 240	\$ 164
Provision for income taxes	\$ 7	\$ 13	\$ 1
Net income	\$ 217	\$ 227	\$ 163
Net income per share - diluted	\$ 0.84	\$ 0.89	\$ 0.65
Shares used in per share calculation - diluted	258	255	252

(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, loss on extinguishment of debt, and income tax effects of non-GAAP reconciling adjustments.

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

	Fiscal Quarter Ended		
	February 2, 2014	November 3, 2013	February 3, 2013
Net income on GAAP basis	\$ 134	\$ 172	\$ 125
Amortization of intangible assets	25	26	19
Share-based compensation expense	24	22	18
Restructuring charges	17	-	1
Acquisition-related costs	19	11	-
Loss on extinguishment of debt	-	1	-
Income tax effects of non-GAAP reconciling adjustments	(2)	(5)	-
Net income on non-GAAP basis	<u>\$ 217</u>	<u>\$ 227</u>	<u>\$ 163</u>
Gross margin on GAAP basis	\$ 339	\$ 346	\$ 276
Amortization of intangible assets	18	19	14
Share-based compensation expense	3	3	2
Restructuring charges	5	-	-
Acquisition-related costs	1	6	-
Gross margin on non-GAAP basis	<u>\$ 366</u>	<u>\$ 374</u>	<u>\$ 292</u>
Research and development on GAAP basis	\$ 107	\$ 109	\$ 93
Share-based compensation expense	8	8	7
Acquisition-related costs	1	1	-
Research and development on non-GAAP basis	<u>\$ 98</u>	<u>\$ 100</u>	<u>\$ 86</u>
Selling, general and administrative expense on GAAP basis	\$ 74	\$ 60	\$ 53
Share-based compensation expense	13	11	9
Acquisition-related costs	17	4	-
Selling, general and administrative expense on non-GAAP basis	<u>\$ 44</u>	<u>\$ 45</u>	<u>\$ 44</u>
Total operating expense on GAAP basis	\$ 200	\$ 176	\$ 152
Amortization of intangible assets	7	7	5
Share-based compensation expense	21	19	16
Restructuring charges	12	-	1
Acquisition-related costs	18	5	-
Total operating expense on non-GAAP basis	<u>\$ 142</u>	<u>\$ 145</u>	<u>\$ 130</u>
Income from operations on GAAP basis	\$ 139	\$ 170	\$ 124
Amortization of intangible assets	25	26	19
Share-based compensation expense	24	22	18
Restructuring charges	17	-	1
Acquisition-related costs	19	11	-
Income from operations on non-GAAP basis	<u>\$ 224</u>	<u>\$ 229</u>	<u>\$ 162</u>
Income before income taxes on GAAP basis	\$ 139	\$ 180	\$ 126
Amortization of intangible assets	25	26	19
Share-based compensation expense	24	22	18
Restructuring charges	17	-	1
Acquisition-related costs	19	11	-
Loss on extinguishment of debt	-	1	-
Income before income taxes on non-GAAP basis	<u>\$ 224</u>	<u>\$ 240</u>	<u>\$ 164</u>
Provision for income taxes on GAAP basis	\$ 5	\$ 8	\$ 1
Income tax effects of non-GAAP reconciling adjustments	2	5	-
Provision for income taxes on non-GAAP basis	<u>\$ 7</u>	<u>\$ 13</u>	<u>\$ 1</u>
Shares used in per share calculation - diluted on GAAP basis	255	253	251
Non-GAAP adjustment	3	2	1
Shares used in per share calculation - diluted on non-GAAP basis(1)	<u>258</u>	<u>255</u>	<u>252</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>February 2,</u> <u>2014</u>	<u>November 3,</u> <u>2013 (1)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,112	\$ 985
Trade accounts receivable, net	323	418
Inventory	286	285
Other current assets	138	130
Total current assets	<u>1,859</u>	<u>1,818</u>
Property, plant and equipment, net	684	661
Goodwill	392	391
Intangible assets, net	467	492
Other long-term assets	70	53
Total assets	<u>\$ 3,472</u>	<u>\$ 3,415</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 257	\$ 278
Employee compensation and benefits	59	98
Capital lease obligations - current	1	1
Other current liabilities	47	46
Total current liabilities	<u>364</u>	<u>423</u>
Long-term liabilities:		
Capital lease obligations - non-current	1	1
Other long-term liabilities	115	105
Total liabilities	<u>480</u>	<u>529</u>
Shareholders' equity:		
Ordinary shares, no par value	1,622	1,587
Retained earnings	1,377	1,305
Accumulated other comprehensive loss	(7)	(6)
Total shareholders' equity	<u>2,992</u>	<u>2,886</u>
Total liabilities and shareholders' equity	<u>\$ 3,472</u>	<u>\$ 3,415</u>

(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		
	February 2, 2014	November 3, 2013	February 3, 2013
Cash flows from operating activities:			
Net income	\$ 134	\$ 172	\$ 125
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	57	58	41
Share-based compensation	24	22	17
Tax benefits of share-based compensation	4	19	-
Excess tax benefits from share-based compensation	(3)	(14)	-
Gain from sale of investments	-	(10)	-
Unrealized (gain)/loss on trading securities	-	1	(2)
Impairment of investment and loan receivable from investee	-	(3)	-
Amortization of debt issuance costs	-	1	-
Gain from post-retirement medical plan curtailment and settlement	(3)	-	-
Loss on extinguishment of debt	-	1	-
Changes in assets and liabilities, net of acquisitions:			
Trade accounts receivable	95	(53)	75
Inventory	(1)	(1)	(14)
Accounts payable	(24)	9	(34)
Employee compensation and benefits	(39)	18	(13)
Deferred tax assets and liabilities	(3)	(15)	1
Other current assets and current liabilities	(13)	9	(12)
Other long-term assets and long-term liabilities	1	(2)	1
Net cash provided by operating activities	<u>229</u>	<u>212</u>	<u>185</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment	(52)	(57)	(67)
Acquisitions, net of cash acquired	-	(5)	-
Purchases of investments	-	(5)	(9)
Proceeds from sale of investments	-	13	-
Net cash used in investing activities	<u>(52)</u>	<u>(54)</u>	<u>(76)</u>
Cash flows from financing activities:			
Proceeds from government grants	2	2	3
Debt financing costs	-	(2)	-
Payment on capital lease obligation	-	(1)	-
Issuance of ordinary shares, net of issuance cost	19	41	10
Repurchase of ordinary shares	(12)	(33)	(13)
Excess tax benefits from share-based compensation	3	14	-
Dividend payments to shareholders	(62)	(57)	(42)
Net cash used in financing activities	<u>(50)</u>	<u>(36)</u>	<u>(42)</u>
Net increase in cash and cash equivalents	127	122	67
Cash and cash equivalents at the beginning of period	985	863	1,084
Cash and cash equivalents at end of period	<u>\$ 1,112</u>	<u>\$ 985</u>	<u>\$ 1,151</u>