

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

	Fiscal Quarter Ended		
	February 1, 2015	November 2, 2014	February 2, 2014
Net revenue	\$ 1,635	\$ 1,590	\$ 709
Cost of products sold:			
Cost of products sold	690	678	347
Purchase accounting effect on inventory	4	10	-
Amortization of intangible assets	113	108	18
Restructuring charges	2	6	5
Total cost of products sold	<u>809</u>	<u>802</u>	<u>370</u>
Gross margin	<u>826</u>	<u>788</u>	<u>339</u>
Research and development	235	234	107
Selling, general and administrative	117	129	74
Amortization of intangible assets	59	91	7
Restructuring charges	14	33	12
Total operating expenses	<u>425</u>	<u>487</u>	<u>200</u>
Operating income	401	301	139
Interest expense	(54)	(54)	-
Other income, net	4	16	-
Income from continuing operations before income taxes	<u>351</u>	<u>263</u>	<u>139</u>
Provision for income taxes	13	126	5
Income from continuing operations	<u>338</u>	<u>137</u>	<u>134</u>
Income (loss) from discontinued operations (including gains on disposals of \$14 million and \$18 million in the fiscal quarters ended February 1, 2015 and November 2, 2014, respectively), net of income taxes	13	(2)	-
Net income	<u><u>\$ 351</u></u>	<u><u>\$ 135</u></u>	<u><u>\$ 134</u></u>
Basic income (loss) per share:			
Income per share from continuing operations	\$ 1.33	\$ 0.54	\$ 0.54
Income (loss) per share from discontinued operations, net of income taxes	\$ 0.05	\$ (0.01)	\$ -
Net income per share	\$ 1.38	\$ 0.53	\$ 0.54
Diluted income (loss) per share:			
Income per share from continuing operations	\$ 1.22	\$ 0.50	\$ 0.53
Income (loss) per share from discontinued operations, net of income taxes	\$ 0.04	\$ -	\$ -
Net income per share	\$ 1.26	\$ 0.50	\$ 0.53
Shares used in per share calculations:			
Basic	255	254	249
Diluted	278	272	255
Share-based compensation expense included in continuing operations:			
Cost of products sold	\$ 6	\$ 6	\$ 3
Research and development	19	19	8
Selling, general and administrative	24	24	13
Total share-based compensation expense	<u><u>\$ 49</u></u>	<u><u>\$ 49</u></u>	<u><u>\$ 24</u></u>

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

	Fiscal Quarter Ended		
	February 1, 2015	November 2, 2014	February 2, 2014
Net revenue	\$ 1,657	\$ 1,610	\$ 709
Gross margin	\$ 974	\$ 939	\$ 366
% of net revenue	59%	58%	52%
Research and development	\$ 210	\$ 214	\$ 98
Selling, general and administrative	\$ 83	\$ 89	\$ 44
Total operating expenses	\$ 293	\$ 303	\$ 142
% of net revenue	18%	19%	20%
Operating income	\$ 681	\$ 636	\$ 224
Income before income taxes	\$ 631	\$ 598	\$ 224
Provision for income taxes	\$ 35	\$ 42	\$ 7
Net income	\$ 596	\$ 556	\$ 217
Net income per share - diluted	\$ 2.09	\$ 1.99	\$ 0.84
Shares used in per share calculation - diluted	285	280	258

(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 includes the effect of purchase accounting on revenues and excludes purchase accounting effect on inventory, amortization of intangible assets, share-based compensation expense, restructuring charges, acquisition-related costs, including integrations costs, income (loss) from and gain or loss on 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		
	February 1, 2015	November 2, 2014	February 2, 2014
Net revenue on GAAP basis	\$ 1,635	\$ 1,590	\$ 709
Acquisition-related purchase accounting revenue adjustment	22	20	-
Net revenue on non-GAAP basis	<u>\$ 1,657</u>	<u>\$ 1,610</u>	<u>\$ 709</u>
Gross margin on GAAP basis	\$ 826	\$ 788	\$ 339
Acquisition-related purchase accounting revenue adjustment	22	20	-
Purchase accounting effect on inventory	4	10	-
Amortization of intangible assets	113	108	18
Share-based compensation expense	6	6	3
Restructuring charges	2	6	5
Acquisition-related costs	1	1	1
Gross margin on non-GAAP basis	<u>\$ 974</u>	<u>\$ 939</u>	<u>\$ 366</u>
Research and development on GAAP basis	\$ 235	\$ 234	\$ 107
Share-based compensation expense	19	19	8
Acquisition-related costs	6	1	1
Research and development on non-GAAP basis	<u>\$ 210</u>	<u>\$ 214</u>	<u>\$ 98</u>
Selling, general and administrative expense on GAAP basis	\$ 117	\$ 129	\$ 74
Share-based compensation expense	24	24	13
Acquisition-related costs	10	16	17
Selling, general and administrative expense on non-GAAP basis	<u>\$ 83</u>	<u>\$ 89</u>	<u>\$ 44</u>
Total operating expenses on GAAP basis	\$ 425	\$ 487	\$ 200
Amortization of intangible assets	59	91	7
Share-based compensation expense	43	43	21
Restructuring charges	14	33	12
Acquisition-related costs	16	17	18
Total operating expenses on non-GAAP basis	<u>\$ 293</u>	<u>\$ 303</u>	<u>\$ 142</u>
Operating income on GAAP basis	\$ 401	\$ 301	\$ 139
Acquisition-related purchase accounting revenue adjustment	22	20	-
Purchase accounting effect on inventory	4	10	-
Amortization of intangible assets	172	199	25
Share-based compensation expense	49	49	24
Restructuring charges	16	39	17
Acquisition-related costs	17	18	19
Operating income on non-GAAP basis	<u>\$ 681</u>	<u>\$ 636</u>	<u>\$ 224</u>

Income from continuing operations before income taxes on GAAP basis	\$	351	\$	263	\$	139
Acquisition-related purchase accounting revenue adjustment		22		20		-
Purchase accounting effect on inventory		4		10		-
Amortization of intangible assets		172		199		25
Share-based compensation expense		49		49		24
Restructuring charges		16		39		17
Acquisition-related costs		17		18		19
Income before income taxes on non-GAAP basis	\$	<u>631</u>	\$	<u>598</u>	\$	<u>224</u>
Provision for income taxes on GAAP basis	\$	13	\$	126	\$	5
Income tax effects of non-GAAP reconciling adjustments		22		(84)		2
Provision for income taxes on non-GAAP basis	\$	<u>35</u>	\$	<u>42</u>	\$	<u>7</u>
Net income on GAAP basis	\$	351	\$	135	\$	134
Acquisition-related purchase accounting revenue adjustment		22		20		-
Purchase accounting effect on inventory		4		10		-
Amortization of intangible assets		172		199		25
Share-based compensation expense		49		49		24
Restructuring charges		16		39		17
Acquisition-related costs		17		18		19
Income tax effects of non-GAAP reconciling adjustments		(22)		84		(2)
Discontinued operations, net of income taxes		(13)		2		-
Net income on non-GAAP basis	\$	<u>596</u>	\$	<u>556</u>	\$	<u>217</u>
Shares used in per share calculation - diluted on GAAP basis		278		272		255
Non-GAAP adjustment		7		8		3
Shares used in per share calculation - diluted on non-GAAP basis(1)		<u>285</u>		<u>280</u>		<u>258</u>
Days sales outstanding on GAAP basis		40		45		
Non-GAAP adjustment		(1)		(3)		
Days sales outstanding on non-GAAP basis(2)		<u>39</u>		<u>42</u>		
Inventory Days on Hand on GAAP basis		66		69		75
Non-GAAP adjustment		1		1		1
Inventory Days on Hand on non-GAAP basis(3)		<u>67</u>		<u>70</u>		<u>76</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															
	February 1, 2015				November 2, 2014				February 2, 2014				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	\$ 664	41	\$ 664	40	\$ 628	40	\$ 628	39	\$ 349	6%	90%	6%	90%			
Enterprise Storage	486	30	486	29	463	29	463	29	-	5%	-	5%	-			
Wired Infrastructure	347	21	347	21	352	22	352	22	228	-1%	52%	-1%	52%			
Industrial & Other	138	8	160	10	147	9	167	10	132	-6%	5%	-4%	21%			
Total net revenue	<u>\$ 1,635</u>	<u>100</u>	<u>\$ 1,657</u>	<u>100</u>	<u>\$ 1,590</u>	<u>100</u>	<u>\$ 1,610</u>	<u>100</u>	<u>\$ 709</u>							

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

	<u>February 1, 2015</u>	<u>November 2, 2014 (1)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,569	\$ 1,604
Trade accounts receivable, net	718	782
Inventory	500	519
Assets held-for-sale	4	628
Other current assets	307	302
Total current assets	<u>4,098</u>	<u>3,835</u>
Property, plant and equipment, net	1,269	1,158
Goodwill	1,596	1,596
Intangible assets, net	3,445	3,617
Other long-term assets	289	285
Total assets	<u>\$ 10,697</u>	<u>\$ 10,491</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 452	\$ 515
Employee compensation and benefits	132	219
Other current liabilities	215	236
Current portion of long-term debt	46	46
Total current liabilities	<u>845</u>	<u>1,016</u>
Long-term liabilities:		
Long-term debt	4,531	4,543
Convertible notes payable to related party - non-current	923	920
Pension and post-retirement benefit obligations	496	506
Other long-term liabilities	274	263
Total liabilities	<u>7,069</u>	<u>7,248</u>
Shareholders' equity:		
Ordinary shares, no par value	2,131	2,009
Retained earnings	1,546	1,284
Accumulated other comprehensive loss	(49)	(50)
Total shareholders' equity	<u>3,628</u>	<u>3,243</u>
Total liabilities and shareholders' equity	<u>\$ 10,697</u>	<u>\$ 10,491</u>

(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		
	February 1, 2015	November 2, 2014	February 2, 2014
Cash flows from operating activities:			
Net income	\$ 351	\$ 135	\$ 134
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	226	250	57
Share-based compensation	49	54	24
Tax benefits of share-based compensation	21	42	4
Excess tax benefits from share-based compensation	(20)	(39)	(3)
Gains on sales of businesses	(14)	(18)	-
Amortization of debt issuance costs and accretion of debt discount	7	7	-
Gain from post-retirement medical plan curtailment and settlement	-	-	(3)
Deferred taxes	(6)	(72)	-
Other	11	1	-
Changes in assets and liabilities, net of acquisitions:			
Trade accounts receivable, net	64	(180)	95
Inventory	33	(6)	(1)
Accounts payable	(78)	52	(24)
Employee compensation and benefits	(90)	2	(39)
Other current assets and current liabilities	(66)	188	(7)
Other long-term assets and long-term liabilities	(7)	(35)	(8)
Net cash provided by operating activities	481	381	229
Cash flows from investing activities:			
Proceeds from sales of businesses	650	450	-
Purchases of property, plant and equipment	(162)	(189)	(52)
Proceeds from disposals of property, plant and equipment	26	-	-
Acquisition of business, net of cash acquired	-	(317)	-
Proceeds from sale of investments	-	21	-
Net cash provided by (used in) investing activities	514	(35)	(52)
Cash flows from financing activities:			
Debt repayments	(12)	(12)	-
Issuance of ordinary shares	51	38	19
Repurchases of ordinary shares	-	-	(12)
Dividend payments to shareholders	(89)	(81)	(62)
Excess tax benefits from share-based compensation	20	39	3
Payments for settlement of acquisition liability	-	(4)	-
Proceeds from government grants	-	1	2
Net cash used in financing activities	(30)	(19)	(50)
Net increase in cash and cash equivalents	965	327	127
Cash and cash equivalents at beginning of period	1,604	1,277	985
Cash and cash equivalents at end of period	\$ 2,569	\$ 1,604	\$ 1,112