Avago Technologies Announces First Quarter Fiscal Year 2008 Financial Results

February 28, 2008

- *Revenue up 7% year-over-year*

- *Non-GAAP operating income improved 47% over last year*

- *Adjusted EBITDA of $84 million, an increase of 12% over Q1 FY07*

- *Long-term debt declines 30% year-on-year*

SAN JOSE, Calif., – February 28, 2008 - Avago Technologies, a leading supplier of analog interface components for communications, industrial and consumer applications, today reported financial results for its first fiscal quarter, ended February 3, 2008.

On January 10, 2008 the Company completed the sale of its infrared product line. Accordingly, the contribution from this business is presented as discontinued operations.

First Quarter 2008 GAAP Results

Net revenue of $402 million grew sequentially by $11 million, or 3 percent, and increased $27 million, or 7 percent over the same period a year ago. The sequential increase in a period of seasonal weakness underscores market share gains in the wired and wireless communications markets. Record gross margin of $157 million, or 39 percent of sales, represents an improvement of $28 million versus last quarter and $46 million compared with the first quarter of fiscal 2007.

Operating expenses were $125 million, compared with $111 million in the previous quarter and $122 million in Q1 of fiscal 2007. Net income was $4 million, versus a net loss of $2 million last quarter and net income of $6 million in the same quarter a year ago.

Cash balances of $61 million at the end of January include the effect of $204 million used to redeem $200 million of the Company's Floating Rate Notes. Additionally, $13 million, net, was spent on acquisitions and divestures and $18 million on recurring December year-end payments.

First Quarter 2008 Non-GAAP Results

Strong sales of products serving the fiber optics and handset markets, combined with a more favorable product mix were key drivers for the $22 million uptick in gross profit from the previous quarter and a $31 million improvement from the first quarter of fiscal 2007. Corresponding gross margin of 43 percent represents a sequential and year-over-year increase of approximately 500 basis points

With the conclusion of backend manufacturing outsourcing programs, technical resources previously focused on manufacturing engineering activities were redeployed to product development. This realignment, combined with higher project costs associated with a large number of new product introductions, were the main reason R&D expenses rose to $65 million for the quarter. Sales, general and administrative costs declined by $2 million sequentially, driven by continued cost control efforts.

Benefiting from the strong operating results, income from operations reached $63 million, or 16 percent of revenue, versus 14 percent in the preceding quarter and 11 percent in the first quarter of fiscal 2007.

The Company recorded record net income of $36 million in the first quarter. This compares with net income of $31 million in the prior quarter and $12 million in the same quarter a year ago. The positive operating performance resulted in Adjusted EBITDA reaching $84 million, a $2 million increase over the previous quarter and a $9 million improvement over the first quarter of fiscal 2007.

"Our robust revenue and operating performance during what is a seasonally weaker quarter illustrates the early results of aligning our product portfolio to address more profitable niches, and share gains in targeted markets," said Hock E. Tan, president and CEO of Avago Technologies. " We continued to focus on improving our capital structure with the early redemption of $200 million of the Floating Rate Notes, further reducing our long-term debt to $705 million at the end of January."

Financial Results Conference Call

Avago Technologies will host a conference call to review its financial results for the first fiscal quarter today at 2:00 p.m. Pacific Time. Those wishing to access the call should dial (480) 629-9031 approximately 10 minutes prior to the start of the call. A replay will be available until Midnight Pacific Time Thursday, March 6, 2008. To access the replay, dial (303) 590-3030, passcode: 3844754.

Non-GAAP Financial Measures

In addition to GAAP reporting, Avago reports net income or loss, as well as gross margin and operating expenses, on a non-GAAP basis. This non-GAAP earnings information excludes stock-based compensation expense, amortization of intangibles and unusual items and their related tax effects. In addition, Avago also discloses Adjusted EBITDA as measured by the Company's principal debt instruments. Avago believes this non-GAAP earnings information provides additional insight into the Company's on-going performance and has therefore chosen to provide this information to investors for a more consistent basis of comparison and to emphasize the results of on-going operations. These historical non-GAAP measures are in addition to, and not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A reconciliation between GAAP and non-GAAP net income (loss) is included in the tables below.

Financials

About Avago Technologies

Avago Technologies is a leading supplier of analog interface components for communications, industrial and consumer applications. By leveraging its core competencies in III-V compound and silicon semiconductor design and processing, the company provides an extensive range of analog, mixed signal and optoelectronics components and subsystems to more than 40,000 customers. Backed by strong customer service support, the company's products serve four diverse end markets: industrial and automotive, wired infrastructure, wireless communications, and computer peripherals. Avago has a global employee presence and heritage of technical innovation dating back 40 years to its Hewlett-Packard roots. Information about Avago is available on the Web at www.avagotech.com.

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Safe Harbor Statement

This announcement and supporting materials may contain forward-looking statements which address our expected future business and financial performance. These forward looking statements are based on current expectations, estimates, forecasts and projections of future Company or industry performance based on management's judgment, beliefs current trends and market conditions and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. Accordingly, we caution you not to place undue reliance on these statements. For Avago, particular uncertainties which could adversely or positively affect future results include cyclicality in the semiconductor industry or in our end markets; fluctuations in interest rates; our ability to generate cash sufficient to service our debt and to fund our research and development, capital expenditures and other business needs; our increased dependence on outsourced service providers for certain key business services and their ability to execute to our requirements; our ability to maintain tax concessions in certain jurisdictions; our ability to protect our intellectual property; our competitive performance and ability to continue achieving design wins with our customers; our ability to achieve the growth prospects and synergies expected from our acquisitions; delays and challenges associated with integrating acquired companies with our existing businesses; our ability to improve our cost structure through our manufacturing outsourcing program; and other events and trends on a national, regional and global scale, including those of a political, economic, business, competitive and regulatory nature. Our Annual Report on Form 20-F filed with the SEC on December 13, 2007, recent Current Reports on Form 6-K, and other Avago filings with the U.S. Securities and Exchange Commission ("SEC") (which you may obtain for free at the SEC's website at http://www.sec.gov) discuss some of the important risk factors that may affect our business, results of operations, and financial condition.

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