

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 001-34428

Avago Technologies Limited

(Exact Name of Registrant as Specified in Its Charter)

Singapore

(State or Other Jurisdiction of Incorporation or Organization)

**1 Yishun Avenue 7
Singapore 768923**

(Address of Principal Executive Offices)

N/A

(I.R.S. Employer Identification No.)

N/A

(Zip Code)

(65) 6755-7888

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Class

Ordinary Shares, no par value

Name of Each Exchange on Which Registered

The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the aggregate market value of the Registrant's voting and non-voting ordinary shares held by non-affiliates as of the last business day of the Registrant's most recently completed second fiscal quarter: As of May 2, 2010, the last business day of our most recently completed second fiscal quarter, the aggregate market value of the Registrant's ordinary shares held by non-affiliates of the Registrant (based upon the closing sale price of such shares on the Nasdaq Global Select Market on April 30, 2010, the last trading day prior to our fiscal quarter end) was approximately \$1,691,316,089.

As of December 10, 2010, the Registrant had 241,589,163 ordinary shares outstanding.

Documents Incorporated by Reference

Information required in response to Part III of this Annual Report on Form 10-K is hereby incorporated by reference from the Registrant's definitive Proxy Statement for its 2011 Annual Meeting of Shareholders. Except as expressly incorporated by reference, the Registrant's Proxy Statement shall not be deemed to be a part of this Annual Report on Form 10-K. The Registrant intends to file its definitive Proxy Statement within 120 days after its fiscal year ended October 31, 2010.

AVAGO TECHNOLOGIES LIMITED
2010 ANNUAL REPORT ON FORM 10-K

TABLE OF CONTENTS

		<u>Page</u>
	<u>PART I.</u>	
ITEM 1.	BUSINESS	3
ITEM 1A.	RISK FACTORS	11
ITEM 1B.	UNRESOLVED STAFF COMMENTS	33
ITEM 2.	PROPERTIES	34
ITEM 3.	LEGAL PROCEEDINGS	34
	<u>PART II.</u>	
ITEM 5.	MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	36
ITEM 6.	SELECTED FINANCIAL DATA	38
ITEM 7.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	40
ITEM 7A.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	61
ITEM 8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	63
ITEM 9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	108
ITEM 9A.	CONTROLS AND PROCEDURES	108
ITEM 9B.	OTHER INFORMATION	109
	<u>PART III.</u>	
ITEM 10.	DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	109
ITEM 11.	EXECUTIVE COMPENSATION	109
ITEM 12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS	109
ITEM 13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	110
ITEM 14.	PRINCIPAL ACCOUNTING FEES AND SERVICES	110
	<u>PART IV.</u>	
ITEM 15.	EXHIBITS, FINANCIAL STATEMENT SCHEDULES	110
SIGNATURES		111
EXHIBIT INDEX		113
EX-10.1		
EX-10.41		
EX-10.46		
EX-12.1		
EX-21.1		
EX-23.1		
EX-31.1		
EX-31.2		
EX-32.1		
EX-32.2		

PART I

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K. This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws and particularly in Item 1: "Business," Item 1A: "Risk Factors," Item 3: "Legal Proceedings" and Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report on Form 10-K. These statements are indicated by words or phrases such as "anticipate," "expect," "outlook," "foresee," "believe," "could," "intend," "will," and similar words or phrases. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projections of financial information; any statements about historical results that may suggest trends for our business; any statements of the plans, strategies, and objectives of management for future operations; any statements of expectation or belief regarding future events, technology developments, our products, product sales, expenses, liquidity, cash flow, growth rates and restructuring efforts, or enforceability of our intellectual property rights and related litigation expenses; and any statements of assumptions underlying any of the foregoing. These forward-looking statements are based on current expectations, estimates, forecasts and projections of our 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 example, there can be no assurance that our product sales efforts, revenues or expenses will meet any expectations or follow any trend(s), or that our ability to compete effectively will be successful or yield anticipated results. For Avago, particular uncertainties that could affect future results include cyclicalities in the semiconductor industry or in our end markets; the recent financial crisis and its impact on our business, results of operations, and financial condition; fluctuations in interest rates; our ability to generate cash sufficient 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 dependence on contract manufacturing and outsourced supply chain; quarterly and annual fluctuations in operating results; loss of our significant customers; 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; any expenses associated with resolving customer product and warranty claims; 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. For a discussion of some of the factors that could cause actual results to differ materially from our forward-looking statements, see the discussion on risk factors that appears in Part I, Item 1A of this Annual Report on Form 10-K and other risks and uncertainties detailed in this and our other reports and filings with the Securities and Exchange Commission, or SEC. We undertake no obligation to update forward-looking statements to reflect developments or information obtained after the date hereof and disclaim any obligation to do so.

References in this Annual Report on Form 10-K to "Avago," "the Company," "we," "our," or "us" refer to Avago Technologies Limited and its subsidiaries, on a consolidated basis, unless otherwise indicated or the context otherwise requires. Our fiscal year ends on the Sunday closest to October 31. We refer to our fiscal years by the calendar year in which they end. For example, the fiscal year ended October 31, 2010 is referred to as "fiscal year 2010".

ITEM 1. *BUSINESS*

Overview

We are a leading designer, developer and global supplier of a broad range of analog semiconductor devices with a focus on III-V based products. We differentiate ourselves through our high performance design and integration capabilities. III-V semiconductor materials have higher electrical conductivity, enabling faster speeds and tend to have better performance characteristics than conventional silicon in applications such as RF and optoelectronics. Our product portfolio is extensive and includes over 6,500 products that we sell into four primary target markets: wireless communications, wired infrastructure, industrial and automotive electronics, and consumer

and computing peripherals. Applications for our products in these target markets include cellular phones, consumer appliances, data networking and telecommunications equipment, enterprise storage and servers, renewable energy and smart power grid applications, factory automation, displays, optical mice and printers.

We have a nearly 50-year history of innovation dating back to our origins within Hewlett-Packard Company. Over the years, we have assembled a large team of analog design engineers, and we maintain design and product development engineering resources around the world. Our locations include two design centers in the United States, five in Asia and four in Europe. We have developed an extensive portfolio of intellectual property that currently includes more than 5,000 U.S. and foreign patents and patent applications. Our history and market position enable us to strategically focus our research and development resources to address attractive target markets. We leverage our significant intellectual property portfolio to integrate multiple technologies and create component solutions that target growth opportunities. We design products that deliver high-performance and provide mission-critical functionality. In particular, we were a pioneer in commercializing vertical-cavity surface emitting laser, or VCSEL, fiber optic products and our VCSEL-based products have been widely adopted throughout the wired infrastructure industry. In addition, we were among the first to deliver commercial film bulk acoustic resonator, or FBAR, filters for code division multiple access, or CDMA, technology and we believe we maintain a significant market share of personal communication service, or PCS, duplexers within the CDMA market. In addition, our FBAR filters offer technological advantages over competing filters in certain other radio bands, such as GPS and 3G. In optoelectronics, we are a market leader in submarkets such as optocouplers, fiber optic transceivers, optical finger navigation sensors found in mobile phones and optical computer mouse sensors.

We have a diversified and well-established customer base of approximately 40,000 end customers, located throughout the world, which we serve through our multi-channel sales and fulfillment system. We have established strong relationships with leading original equipment manufacturer, or OEM, customers across multiple target markets. Typically, our major customer relationships have been in place multiple years and we have supplied multiple products during that time period. Our close customer relationships have often been built as a result of years of collaborative product development which has enabled us to build our intellectual property portfolio and develop critical expertise regarding our customer's requirements, including substantial system level knowledge. This collaboration has provided us with key insights into our customers and has enabled us to be more efficient and productive and to better serve our target markets and customers. We distribute most of our products through our broad distribution network, and we are a significant supplier to two of the largest global electronic components distributors, Avnet, Inc. and Arrow Electronics, Inc. We also have a direct sales force focused on supporting large OEMs.

We focus on maintaining an efficient global supply chain and a variable, low-cost operating model. Accordingly, we have outsourced a majority of our manufacturing operations utilizing third-party foundry and assembly and test capabilities, as well as most of our corporate infrastructure functions. We aim to minimize capital expenditures by focusing our internal manufacturing capacity on products utilizing our innovative materials and processes to protect our intellectual property and to develop the technology for manufacturing, while outsourcing standard complementary metal oxide semiconductor, or CMOS, processes. We also have over 35 years of operating history in Asia, where approximately 60% of our employees are located and where we produce and source the majority of our products. Our presence in Asia places us in close proximity to many of our customers' manufacturing facilities and at the center of worldwide electronics manufacturing.

Markets and Products

We focus on leveraging our design capabilities to develop products for target markets where we believe our innovation and reputation will allow us to earn attractive margins. In each of our target markets, we have multiple product families that primarily provide OEMs with component or subsystem products. Our product portfolio ranges from simple discrete devices to complex sub-systems that include multiple device types and incorporate firmware for interface between digital systems. In some cases, our products include mechanical hardware that interfaces with optoelectronic or capacitive sensors. We intend to expand our product offerings to address existing and adjacent market opportunities, and plan to selectively target attractive segments within large established markets. We target markets that require high quality and the integrated performance characteristics of our products. For the fiscal year ended October 31, 2010, wireless communications contributed 38%, wired infrastructure contributed 24%,

industrial and automotive electronics contributed 29% and consumer and computing peripherals contributed 9%, of our net revenue, respectively.

Wireless Communications. We support the wireless industry with a broad variety of radio frequency, or RF, semiconductor devices, including monolithic microwave integrated circuit filters and duplexers using our proprietary FBAR technology, front end modules that incorporate multiple die into multi-function RF devices, diodes and discrete transistors. Our expertise in amplifier design, FBAR technology and module integration capability enables us to offer industry-leading efficiency in RF transmitter applications. Our proprietary gallium arsenide, or GaAs, processes are critical to the production of power amplifier, or PA, and low noise amplifier products. Our expertise in Human Interface Design has led to the Optical Finger Navigation, or OFN, device which replaces a mechanical trackball on certain high-end mobile phones. In addition to RF devices and OFN, we provide a variety of optoelectronic sensors for mobile handset applications. We also supply light emitting diodes, or LEDs, for camera-phone flashes and for backlighting applications in mobile handset keypads, as well as sensors for backlighting control.

Wired Infrastructure. In the storage and Ethernet networking markets, we supply transceivers that receive and transmit information along optical fibers. We provide a range of product bandwidth options for customers, including options ranging from 125 megabyte data, or MBd, Fast Ethernet transmitters and receivers to 10 Gigabit transceivers. We supply parallel optic transceivers with as many as 12 parallel channels for high performance core routing and server applications. For enterprise networking and server input/output, or I/O, applications, we also supply high speed serializer/deserializer, or SerDes, products integrated into application specific integrated circuits, or ASICs.

Industrial and Automotive Electronics. We provide a broad variety of products for the general industrial, automotive and consumer appliance markets. We offer optical isolators, or optocouplers, which provide electrical insulation and signal isolation for signaling systems that are susceptible to electrical noise or interference. Optocouplers are used in a diverse set of applications, including industrial motors, automotive systems including those used in hybrid engines, power generation and distribution systems, switching power supplies, motion sensors, telecommunications equipment, consumer appliances, computers and office equipment, plasma displays, and military electronics. For industrial motors and robotic motion control, we supply optical encoders, as well as integrated circuits, or ICs, for the controller and decoder functions. For electronic signs and signals, we supply LED assemblies that offer high brightness and stable light output over thousands of hours, enabling us to support traffic signals, large commercial signs and other displays. For industrial networking, we provide Fast Ethernet transceivers using plastic optical fiber that enable quick and interoperable networking and factory automation.

Consumer and Computing Peripherals. We manufacture motion control encoders that control the paper feed and print head movement in printers and other office automation products. We were an early developer of image sensors for optical mouse applications, using LEDs and CMOS image sensors to create a subsystem that can detect motion over an arbitrary desktop surface. We are a leading supplier of image sensors for optical mice today, and have launched a new line of laser-based mouse products with improved precision. Displays, especially in notebook computer applications, use our products for LED backlighting and our sensors to control display brightness based on ambient light conditions.

The table below presents the major product families, major applications and major end customers in our four primary target markets.

Target Market	Major Product Families	Major Applications	Major End Customers
Wireless Communications	<ul style="list-style-type: none"> RF amplifiers RF filters RF front end modules (FEMs) Ambient light sensors LEDs Low noise amplifiers mm-wave mixers Optical Finger Navigation (OFN) Diodes 	<ul style="list-style-type: none"> Voice and data communications Camera phone Keypad and display backlighting Backlighting control Base stations 	<ul style="list-style-type: none"> LG Electronics Inc. Huawei Technologies Co., Ltd. Samsung Electronics Co., Ltd.
Wired Infrastructure	<ul style="list-style-type: none"> Fiber optic transceivers Serializer/deserializer (SerDes) ASICs 	<ul style="list-style-type: none"> Data communications Storage area networking Servers 	<ul style="list-style-type: none"> Brocade Communications Systems, Inc. Cisco Systems Inc. Hewlett-Packard Company International Business Machines Corp. Juniper Networks Inc.
Industrial and Automotive Electronics	<ul style="list-style-type: none"> Fiber optic transceivers LEDs Motion control encoders and subsystems Optocouplers 	<ul style="list-style-type: none"> In-car infotainment Displays Lighting Factory automation Motor controls Power supplies Renewable clean energy 	<ul style="list-style-type: none"> ABB Ltd. Schneider Electric Siemens AG
Consumer and Computing Peripherals	<ul style="list-style-type: none"> Optical mouse sensors Motion control encoders and subsystems 	<ul style="list-style-type: none"> Optical mice Printers Optical disk drives 	<ul style="list-style-type: none"> Hewlett-Packard Company Logitech International S.A. Primax Electromes Ltd.

Research and Development

We are committed to continuous investment in product development, with a focus on rapidly introducing new, proprietary products. Many of our products have grown out of our own research and development efforts, and have given us competitive advantages in certain target markets due to performance differentiation. We focus our research and development efforts on the development of innovative, sustainable and higher value product platforms. We leverage our design capabilities in markets where we believe our innovation and reputation will allow us to earn attractive margins by developing high value-add products.

We intend to continue to build on our history of innovation, and our intellectual property portfolio, design expertise and system-level knowledge, to create more integrated solutions. We plan to continue investing in product development to drive growth in our business. We also invest in process development and maintain fabrication capabilities in order to optimize processes for devices that are manufactured internally. Our field application engineers, or FAEs, and design engineers are located near many of our customers around the world, enabling us to support our customers in each stage of their product development cycle, from early stages of production design through volume manufacturing and future growth. By collaborating with our customers, we have opportunities to develop high value added, customized products for them that leverage our existing technologies. Research and development expenses were \$280 million, \$245 million and \$265 million for the years ended October 31, 2010, November 1, 2009 and November 2, 2008, respectively. We anticipate that we will continue to make significant research and development expenditures in order to maintain our competitive position with a continuous flow of innovative and sustainable product platforms. As of October 31, 2010, we had approximately 1,200 employees dedicated to research and development at multiple locations around the world.

We also have research and development alliances with partners and ongoing technology sharing relationships with our principal contract manufacturers. We anticipate that we will continue to employ research and development alliances to maximize the impact of our internal research and development investment.

Customers, Sales, Marketing and Distribution

We have a diversified and historically stable customer base. In the year ended October 31, 2010, no customer accounted for 10% or more of our net revenue, and our top 10 customers, which included five distributors, collectively accounted for 55% of our net revenue.

We sell our products through a network of distributors and our direct sales force globally. Our customers require timely delivery often to multiple locations around the world. We have strategically developed distributor relationships to serve tens of thousands of customers. Our direct sales force is focused on supporting our large OEM customers. Additionally, our extensive network of FAEs enhances our customer reach and our visibility into new product opportunities. Within North America, we also complement our direct sales force with a network of manufacturing sales representative companies to cover our emerging OEM customers in order to ensure these customers receive the proper level of attention and support. Our main global distributors are Avnet, Inc., and Arrow Electronics, Inc. complemented by a number of specialty regional distributors with customer relationships based on their respective product ranges.

As of October 31, 2010, our sales and marketing organization consisted of approximately 500 employees, many of whom have responsibility for emerging accounts, for large, global accounts, or for our distributors. Our sales force has specialized product and service knowledge that enables us to sell specific offerings at key levels throughout a customer's organization.

As part of our global reach, we have 11 sales offices located in nine countries, with a significant presence in Asia, which is a key center of the worldwide electronics supply chain. Many of our customers design products in North America or Europe that are then manufactured in Asia. We maintain dedicated regional customer support call centers, where we address customer issues and handle logistics and other order fulfillment requirements. We are well-positioned to support our customers throughout the design, technology transfer and manufacturing stages across all geographies.

Operations

A majority of our manufacturing operations are outsourced and we utilize external foundries to fabricate our semiconductors, including Taiwan Semiconductor Manufacturing Company Ltd., or TSMC and WIN Semiconductors Corp. For certain of our product families, substantially all of our revenue is derived from semiconductors fabricated by external foundries, including our high speed SerDes ICs, LEDs, and LED-based displays. We also use third-party contract manufacturers for a significant majority of our assembly and test operations, including Amertron Incorporated, SAE Magnetics (HK) Ltd, and the Hana Microelectronics Public Company Ltd. group of companies. We maintain our internal fabrication facilities for products utilizing our innovative materials and processes to protect our intellectual property and to develop the technology for manufacturing, and we outsource standard CMOS processes. Examples of internally fabricated semiconductors include RF GaAs amplifiers and VCSEL-based lasers for fiber optic communications. The majority of our internal III-V semiconductor wafer fabrication is done in the United States and Singapore. As of October 31, 2010, approximately 1,500 manufacturing employees were devoted to internal fabrication operations as well as outsourced activities. For selected customers, we maintain finished goods inventory near or at customer manufacturing sites to support their just-in-time production.

Materials and Suppliers

Our manufacturing operations employ a wide variety of semiconductors, electromechanical components and assemblies and raw materials. We purchase materials from hundreds of suppliers on a global basis. These supply relationships are generally conducted on a purchase order basis. While we have not experienced any difficulty in obtaining the materials used in the conduct of our business and we believe that no single supplier is material, some of the parts are not readily available from alternate suppliers due to their unique design or the length of time necessary for re-design or qualification. Our long-term relationships with our suppliers allow us to proactively manage our technology development and product discontinuance plans, and to monitor our suppliers' financial health. Some suppliers may nonetheless extend their lead times, limit supplies, increase prices or cease to produce necessary parts for our products. If these are unique components, we may not be able to find a substitute quickly, or

at all. To address the potential disruption in our supply chain, we use a number of techniques, including qualifying multiple sources of supply where practicable, redesign of products for alternative components and purchase of incremental inventory for supply buffer.

Competition

The global semiconductor market is highly competitive. While no company competes with us in all of our target markets, our competitors range from large, international companies offering a wide range of products to smaller companies specializing in narrow markets. We compete with integrated device manufacturers, or IDMs, and fabless semiconductor companies as well as the internal resources of large, integrated OEMs. The competitive landscape is changing as a result of a trend toward consolidation within the industry, as some of our competitors have merged with or been acquired by other competitors while others have begun collaborating with each other. We expect this consolidation trend to continue. We expect competition in the markets in which we participate to continue to increase as existing competitors improve or expand their product offerings and as new companies enter the market. Additionally, our ability to compete effectively depends on a number of factors, including: quality, technical performance, price, product features, product system compatibility, system-level design capability, engineering expertise, responsiveness to customers, new product innovation, product availability, delivery timing and reliability, and customer sales and technical support.

In the wireless communications target market, we provide RF amplifiers, filters, optical finger navigation sensors, modules and LEDs for mobile phones. Our primary competitors for this target market are Anadigics, Inc., Hittite Microwave Corporation, RF Micro Devices, Inc., Skyworks Solutions, Inc. and TriQuint Semiconductor, Inc. We compete based on our expertise in amplifier design, FBAR technology and module integration. We also compete against a number of smaller, niche wireless players based on our proprietary design expertise, broad product portfolio, proprietary material processes and integration expertise.

In the wired infrastructure target market, we provide fiber optic transceivers and SerDes ASICs for high-speed data communications and server applications. Our primary competitors for this target market are Finisar Corporation, International Business Machines Corp. Microelectronics Division, LSI Corporation, ST Microelectronics N.V. and Texas Instruments Incorporated. We compete based on the strength of our high speed proprietary design expertise, our customer relationships, proprietary process technology and broad product portfolio.

In the industrial and automotive electronics target market, we provide fiber optic transceivers for communication networks, LEDs for displays, motion control encoders and subsystems and optocouplers for factory automation and motor controls. Our primary competitors for this target market are Analog Devices, Inc., Heidenhain Corporation, NEC Electronics Corporation and Toshiba Corporation. We compete based on our design expertise, broad product portfolio, reputation for quality products and large customer base.

In the consumer and computing peripherals target market, we provide optical mouse image sensors for optical mice and motion control encoders and subsystems for printers and optical disk drives. Our primary competitors for this target market are Pixart Imaging Inc. and Sharp Corporation. In these applications, we compete based on our long history of innovation and market leadership, along with our design expertise.

Intellectual Property

Our success depends in part upon our ability to protect our intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including patents, mask works, copyrights, trademarks, service marks, trade secrets and similar intellectual property, as well as customary contractual protections with our customers, suppliers, employees and consultants, and through security measures to protect our trade secrets. We believe our current product expertise, key engineering talent and intellectual property portfolio provide us with a strong platform from which to develop application specific products in key target markets.

We are the successor to the Semiconductor Products Group of Agilent Technologies, Inc., which we acquired on December 1, 2005 in a transaction that we refer to as the SPG Acquisition. We acquired ownership and license rights to a portfolio of patents and patent applications, as well as certain registered trademarks and service marks for discrete product offerings, from Agilent in the SPG Acquisition. We have continued to have issued to us, and to file

for, additional United States and foreign patents since the SPG Acquisition. As of October 31, 2010, we had approximately 2,200 U.S. and 1,200 foreign patents and approximately 500 U.S. and 1,100 foreign pending patent applications. Our research and development efforts are presently resulting in approximately 150 new patent applications per year relating to a wide range of RF and optoelectronic components and associated applications. The expiration dates of our patents range from 2011 to 2030, with a small number of patents expiring in the near future, none of which are expected to be material to our intellectual property portfolio.

We do not know whether any of our pending patent applications will result in the issuance of patents or to the extent that the examination process will require us to narrow our claims. Since the SPG Acquisition, we have focused our patent application program to a greater extent on those inventions and improvements that we believe are likely to be incorporated into our products as contrasted with more basic research.

Much of our intellectual property is the subject of cross-licenses to other companies that have been granted by Agilent, or if originally derived from Hewlett-Packard Company, by Hewlett-Packard Company. In addition, we license third-party technologies that are incorporated into some elements of our design activities, products and manufacturing processes. Historically, licenses of the third-party technologies used by us have been available to us on acceptable terms.

The semiconductor industry is characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and by the vigorous pursuit, protection and enforcement of intellectual property rights. Many of our customer agreements require us to indemnify our customers for third-party intellectual property infringement claims, which has in the past required and may in the future require that we defend those claims, and might also require that we pay damages in the case of adverse rulings. Claims of this sort could harm our relationships with our customers and might deter future customers from doing business with us. With respect to any intellectual property rights claims against us or our customers or distributors, we may be required to cease manufacture of the infringing product, pay damages, expend resources to develop non-infringing technology, seek a license which may not be available on commercially reasonable terms or at all, or relinquish patents or other intellectual property rights.

Employees

As of October 31, 2010, we had approximately 3,500 employees worldwide. Approximately 1,200 were dedicated to research and development, 1,500 to manufacturing, 500 to sales and marketing and 300 to general and administrative functions. By geography, approximately 60% of our employees are located in Asia, 33% in North America and 7% in Europe. The substantial majority of our employees are not party to a collective bargaining agreement. However, approximately 400 of our 1,000 employees in Singapore, none of whom are in management or supervisory positions, are subject to a collective bargaining agreement with United Workers of Electronic and Electrical Industries that expires on June 30, 2013. In addition, all of our employees in Italy and some employees in Japan are subject to a collective bargaining agreement. In Italy we are also subject to national collective agreements between unions and employer associations. Such Italian national collective agreements are compulsory for both the employees and the employer. In addition, in Germany we are subject to collective agreements with the works councils at our sites, which apply to German employees other than managing directors and managers with similar authority. We believe we have a good working relationship with our employees and we have never experienced an interruption of business as a result of labor disputes.

Environmental and Other Regulation

Our research and development and manufacturing operations involve the use of hazardous substances and are regulated under international, federal, state and local laws governing health and safety and the environment. These regulations include limitations on discharge of pollutants to air, water, and soil; remediation requirements; product chemical content limitations; manufacturing chemical use and handling restrictions; pollution control requirements; waste minimization considerations; and treatment, transport, storage and disposal of solid and hazardous wastes. We are also subject to regulation by the United States Occupational Safety and Health Administration and similar health and safety laws in other jurisdictions.

We believe that our properties and operations at our facilities comply in all material respects with applicable environmental laws and worker health and safety laws; however, the risk of environmental liabilities cannot be completely eliminated and there can be no assurance that the application of environmental and health and safety laws to our business will not require us to incur significant expenditures.

We are also regulated under a number of international, federal, state and local laws regarding recycling, product packaging and product content requirements, including legislation enacted in the European Union and China, among a growing number of jurisdictions, which have placed greater restrictions on the use of lead, among other chemicals, in electronic products, which affects materials composition and semiconductor packaging. These laws are becoming more stringent and may in the future cause us to incur significant expenditures.

Backlog

Our sales are generally made pursuant to short-term purchase orders. These purchase orders are made without deposits and may be, and often are, rescheduled, canceled or modified on relatively short notice, and in most cases without substantial penalty. Therefore, we believe that purchase orders or backlog are not a reliable indicator of future sales.

Seasonality

We are affected by seasonal trends in the semiconductor and related industries. We typically experience sequentially lower revenues in the first fiscal half of the year. Our revenue in the second half of the fiscal year is typically higher than our revenue in the first half of the fiscal year due to seasonality in two of our target markets, consumer and computing peripherals and wireless communications. These target markets typically experience seasonality due to the “back to school” and calendar year end holiday selling seasons.

Financial Information about Geographic Areas

For information on the geographic concentration of our net revenues and long-lived assets, please see Note 15. “Segment Information,” of our consolidated financial statements.

Other Information

Avago Technologies Limited was incorporated under the laws of the Republic of Singapore in August 2005. Our Singapore company registration number is 200510713C. The address of our registered office and our principal executive offices is 1 Yishun Avenue 7, Singapore 768923, and our telephone number is +65-6755-7888. We are the successor to the Semiconductor Products Group of Agilent, which we acquired on December 1, 2005. Our ordinary shares are listed on the Nasdaq Global Select Market under the trading symbol “AVGO”.

We are subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934, or Exchange Act, and, in accordance therewith, file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information is available for inspection and copying at the SEC’s Public Reference Room at 100 F Street, NE., Washington, DC 20549 or may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website at <http://www.sec.gov> that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. We maintain a website at www.avagotech.com. You may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other reports (and amendments thereto) filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at the “Investors — SEC Filings” section of our website, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The reference to our website address does not constitute incorporation by reference of the information contained on or accessible through our website.

ITEM 1A. RISK FACTORS

Our business, operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our ordinary shares. The following important factors, among others, could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements.

Risks Related to Our Business

We operate in the highly cyclical semiconductor industry, which is subject to significant downturns.

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change and price erosion, evolving technical standards, short product life cycles (for semiconductors and for the end-user products in which they are used) and wide fluctuations in product supply and demand. From time to time, these and other factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry in general and in our business in particular. For example, the global semiconductor market experienced substantial declines in 2001 and 2009, in each case beyond the declines experienced in the typical cycles experienced by the semiconductor industry, due in large part to deteriorating global economic conditions during those periods. Periods of industry downturns, including the recent economic downturn, have been characterized by diminished demand for end-user products, high inventory levels, underutilization of manufacturing capacity, changes in revenue mix and accelerated erosion of average selling prices, resulting in, an adverse effect on our business, financial condition and results of operations. We expect our business to continue to be subject to cyclical downturns even as overall economic conditions improve.

Our operating results are subject to substantial quarterly and annual fluctuations.

Our revenues and operating results have fluctuated in the past and are likely to fluctuate in the future. These fluctuations may occur on a quarterly and annual basis and are due to a number of factors, many of which are beyond our control. These factors include, among others:

- changes in end-user demand for the products manufactured and sold by our customers;
- the timing of receipt, reduction or cancellation of significant orders by customers;
- fluctuations in the levels of component inventories held by our customers;
- the gain or loss of significant customers;
- market acceptance of our products and our customers' products;
- our ability to develop, introduce and market new products and technologies on a timely basis;
- the timing and extent of product development costs;
- new product announcements and introductions by us or our competitors;
- incurrence of research and development and related new product expenditures;
- seasonality or cyclical fluctuations in our markets;
- currency fluctuations;
- utilization of our internal manufacturing facilities;
- fluctuations in manufacturing yields;
- significant warranty claims, including those not covered by our suppliers or our insurers;
- availability and cost of raw materials from our suppliers;
- changes in our product mix or customer mix;

- intellectual property disputes;
- loss of key personnel or the shortage of available skilled workers;
- the effects of competitive pricing pressures, including decreases in average selling prices of our products; and
- changes in our tax incentive arrangements or structure, which may adversely affect our net tax expense in any quarter in which such an event occurs.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results. In addition, a significant amount of our operating expenses are relatively fixed in nature due to our significant sales, research and development and internal manufacturing overhead costs. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify the adverse impact of such revenue shortfall on our results of operations. As a result, we believe that quarter-to-quarter comparisons of our revenue and operating results may not be meaningful or a reliable indicator of our future performance. If our operating results in one or more future quarters fail to meet the expectations of securities analysts or investors, an immediate and significant decline in the trading price of our ordinary shares may occur.

The recent economic downturn and financial crisis has negatively affected our business and continuing poor economic conditions may negatively affect our future business, results of operations, and financial condition.

The recent global economic downturn and financial crisis led to slower economic activity, unemployment, concerns about inflation and energy costs, decreased business and consumer confidence, reduced corporate profits and capital spending, adverse business conditions and lower levels of liquidity in many financial markets. The global recession also led to reduced customer spending in the semiconductor market and in our target markets during 2009, made it difficult for our customers, our vendors and us to accurately forecast and plan future business activities, and caused U.S. and foreign businesses to slow spending on our products. It has also caused consumers to reduce spending on many products our customers make, such as personal computers, mobile phone and flat screen televisions. While many areas of the global economy are improving, including portions of the semiconductor industry, a slowdown in the economic recovery or worsening global economic conditions, including as a result of conditions in Europe, may cause additional reductions in customer spending and could lead to the insolvency of key suppliers resulting in product delays, customer insolvencies, and also counterparty failures that may negatively impact our treasury operations. Our business, financial condition and result of operations were negatively affected in prior periods as a result of the recent downturn, and, if the global economic situation worsens, could be materially adversely affected in future periods.

If we do not adapt to technological changes in the semiconductor industry, we could lose customers or market share.

The semiconductor industry is subject to constant and rapid changes in technology, frequent new product introductions, short product life cycles, rapid product obsolescence and evolving technical standards. Technological developments may reduce the competitiveness of our products and require unbudgeted upgrades that could be expensive and time consuming to implement. Our products could become obsolete sooner than we expect because of faster than anticipated, or unanticipated, changes in one or more of the technologies related to our products. Furthermore, we continually evaluate expenditures for research and development and must choose among alternative technologies based on our expectations of future market growth and other factors. We may be unable to develop and introduce new or enhanced products that satisfy customer requirements and achieve market acceptance in a timely manner or at all, the technologies where we have focused our research and development expenditures may not become commercially successful, and we may be unable to anticipate new industry standards and technological changes. We also may not be able to respond successfully to new product announcements and introductions by competitors. If we fail to adapt successfully to technological changes or fail to obtain access to important new technologies, we may be unable to retain customers, attract new customers or sell new products to our existing customers.

Dependence on contract manufacturing and outsourcing other portions of our supply chain may adversely affect our ability to bring products to market and damage our reputation.

We operate a primarily outsourced manufacturing business model that principally utilizes third-party foundry and assembly and test capabilities. As a result, we are highly reliant on third-party foundry wafer fabrication and assembly and test capacity, including sole sourcing for many components or products. For certain of our product families, substantially all of our revenue from those products is derived from semiconductors fabricated by external foundries such as Taiwan Semiconductor Manufacturing Company Ltd. and WIN Semiconductors Corp. We also use third-party contract manufacturers for a significant majority of our assembly and test operations, including Amertron Incorporated, SAE Magnetics (HK) Ltd, and the Hana Microelectronics Public Company Ltd. group of companies. The ability and willingness of our contract manufacturers to perform is largely outside of our control. If one or more of our contract manufacturers or other outsourcers fails to perform its obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. If one of our suppliers, particularly a single-source supplier, ceases to, or is unable to, manufacture such a component or supply is otherwise constrained, we may be forced to re-engineer a product or may fail to meet customer demand. In addition to discontinuing parts, suppliers may also extend lead times, limit supplies or increase prices due to capacity constraints or other factors. For example, in the event that manufacturing capacity is reduced or eliminated at one or more facilities, including as a response by contract manufacturers to cycles in the semiconductor industry, manufacturing could be disrupted, we could have difficulties fulfilling our customer orders and our net revenue could decline. In addition, if these third parties on whom we are highly reliant fail to deliver quality products and components on time and at reasonable prices, we could have difficulties fulfilling our customer orders and our net revenue could decline. In such events, our business, financial condition and results of operations would be adversely affected.

To the extent we rely on third-party manufacturing relationships, we face the following risks:

- inability of our manufacturers to develop manufacturing methods appropriate for our products and their unwillingness to devote adequate capacity to produce our products;
- product and manufacturing costs that are higher than anticipated;
- reduced control over product reliability and delivery schedules;
- more complicated supply chains; and
- time, expense and uncertainty in identifying and qualifying additional or replacement manufacturers.

Much of our outsourcing takes place in developing countries, and as a result may additionally be subject to geopolitical uncertainty. See “— Our business, financial condition and results of operations could be adversely affected by the political and economic conditions of the countries in which we conduct business and other factors related to our international operations.”

A prolonged disruption of our manufacturing facilities could have a material adverse effect on our business, financial condition and results of operations.

Although we operate using a primarily outsourced manufacturing business model, we do rely on the manufacturing facilities we own, in particular our fabrication facilities in Fort Collins, Colorado and Singapore. We maintain our internal fabrication facilities for products utilizing our innovative materials and processes, to protect our intellectual property and to develop the technology for manufacturing. A prolonged disruption or material malfunction of, interruption in or the loss of operations at one or more of our production facilities, especially our Fort Collins and Singapore facilities, or the failure to maintain our labor force at one or more of these facilities, would limit our capacity to meet customer demands and delay new product development until a replacement facility and equipment, if necessary, were found. The lease on our primary internal fabrication facility in Singapore expires in 2015. If we are unable to renew this lease on satisfactory terms, we would be required to locate suitable replacement premises, with the goal of ensuring a smooth transition between facilities on or prior to the expiration of our current lease. However, the replacement of this, or any other, manufacturing facility could take an extended amount of time and significant expenditures on our part before manufacturing operations could restart.

While we would seek to minimize any disruption to our operations and supply chain associated with any such changes in manufacturing facilities, we may experience delays and significant costs resulting from these steps, which could have a material adverse effect on our business, financial condition and results of operations.

Unless we and our suppliers continuously improve manufacturing efficiency and quality, our financial performance could be adversely affected.

Manufacturing semiconductors involves highly complex processes that require advanced equipment. We and our suppliers, as well as our competitors, continuously modify these processes in an effort to improve yields and product performance. Defects or other difficulties in the manufacturing process can reduce yields and increase costs. Our manufacturing efficiency will be an important factor in our future financial performance, and we may be unable to maintain or increase our manufacturing efficiency to the same extent as our competitors. For products that we outsource manufacturing, our product yields and performance will be subject to the manufacturing efficiencies of our third-party suppliers.

From time to time, we and our suppliers have experienced difficulty in beginning production at new facilities, transferring production to other facilities, achieving and maintaining a high level of process quality and effecting transitions to new manufacturing processes, all of which have caused us to suffer delays in product deliveries or reduced yields. We and our suppliers may experience manufacturing problems in achieving acceptable yields or experience product delivery delays in the future as a result of, among other things, capacity constraints, construction delays, transferring production to other facilities (as we may be required to do with our manufacturing facility in Singapore, in or prior to 2015), upgrading or expanding existing facilities or changing our process technologies, any of which could result in a loss of future revenues. Our results of operations could be adversely affected by any increase in costs related to increases in production capacity if revenues do not increase proportionately.

Winning business is subject to lengthy, competitive selection processes that require us to incur significant expense. Even if we begin a product design, a customer may decide to cancel or change its product plans, which could cause us to generate no revenues from a product and adversely affect our results of operations.

We are focused on winning competitive bid selection processes, known as “design wins,” to develop semiconductors for use in our customers’ products. These selection processes are typically lengthy and can require us to incur significant design and development expenditures and dedicate scarce engineering resources in pursuit of a single customer opportunity. We may not win the competitive selection process and may never generate any revenue despite incurring significant design and development expenditures. These risks are exacerbated by the fact that many of our products will likely have very short life cycles. Failure to obtain a design win sometimes prevents us from offering an entire generation of a product. This can result in lost revenues and could weaken our position in future competitive selection processes.

After winning a product design, we may experience delays in generating revenue from our products as a result of the lengthy development cycle typically required. In addition, a delay or cancellation of a customer’s plans could materially and adversely affect our financial results, as we may have incurred significant expense in the design process and generated no revenue. Finally, our customers’ failure to successfully market and sell their products could reduce demand for our products and materially adversely affect our business, financial condition and results of operations.

We may be subject to claims of infringement of third-party intellectual property rights or demands that we license third-party technology, which could result in significant expense and loss of our intellectual property rights.

The semiconductor industry is characterized by companies holding large numbers of patents, copyrights, trademarks and trade secrets and by the vigorous pursuit, protection and enforcement of intellectual property rights. From time to time, third parties assert against us and our customers and distributors their patent, copyright, trademark, trade secret and other intellectual property rights to technologies that are important to our business. For example, we are currently involved in a dispute with TriQuint Semiconductor, Inc., or TriQuint, in which, among

other things, TriQuint is seeking a judgment that one of our patents relating to RF filter technology used in our wireless products is invalid and, if valid, that TriQuint's products do not infringe that patent, and is claiming that certain of our wireless products infringe three of its patents. See Part II, Item 1. "Legal Proceedings" above for additional information regarding this dispute.

Claims that our products or processes infringe or misappropriate these rights, regardless of their merit or resolution, are frequently costly and divert the efforts and attention of our management and technical personnel. In addition, many of our customer agreements and in some cases our asset sale agreements require us to indemnify our customers or purchasers for third-party intellectual property infringement claims, which have required and may in the future require that we defend those claims, and might require that we pay damages in the case of adverse rulings. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. We do not know whether we will prevail in such proceedings given the complex technical issues and inherent uncertainties in intellectual property litigation. If any pending or future proceedings result in an adverse outcome, we could be required to:

- cease the manufacture, use or sale of the infringing products, processes or technology;
- pay substantial damages for past, present and future use of the infringing technology;
- expend significant resources to develop non-infringing technology;
- license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;
- enter into cross-licenses with our competitors, which could weaken our overall intellectual property portfolio;
- indemnify customers or distributors;
- pay substantial damages to our customers or end users to discontinue use or replace infringing technology with non-infringing technology; or
- relinquish intellectual property rights associated with one or more of our patent claims, if such claims are held invalid or otherwise unenforceable.

Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

We utilize a significant amount of intellectual property in our business. If we are unable to protect our intellectual property, our business could be adversely affected.

Our success depends in part upon our ability to protect our intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including patents, copyrights, trademarks, service marks, trade secrets and similar intellectual property, as well as customary contractual protections with our customers, suppliers, employees and consultants, and through security measures to protect our trade secrets. We may be required to spend significant resources to monitor and protect our intellectual property rights and there can be no assurance that, even with significant expenditures, we will be able to protect our intellectual property rights. We are unable to predict that:

- any of the patents and pending patent applications, trademarks, copyrights, trade secrets, know-how or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged, or, in the case of third-party intellectual property rights, licensed or sub-licensed to us, be licensed to others
- our intellectual property rights will provide competitive advantages to us;
- rights previously granted by third parties to intellectual property rights licensed or assigned to us, including portfolio cross-licenses, will not hamper our ability to assert our intellectual property rights against potential competitors or hinder the settlement of currently pending or future disputes;

- any of our pending or future patent, trademark or copyright applications will be issued or have the coverage originally sought; or
- our intellectual property rights will be enforced in certain jurisdictions where competition may be intense or where legal protection may be weak.

In addition, our competitors or others may develop products or technologies that are similar or superior to our products or technologies, duplicate our products or technologies or design around our protected technologies. Effective patent, trademark, copyright and trade secret protection may be unavailable or more limited in one or more relevant jurisdictions, relative to those protections available in the United States, or may not be applied for in one or more relevant jurisdictions. Moreover, from time to time we pursue litigation to assert our intellectual property rights, including, in some cases, against third parties with whom we have ongoing relationships, such as customers and suppliers, and third parties may pursue litigation against us. For example, we have filed suit against ST Microelectronics NV., or ST Microelectronics, in which, we are seeking a judgment that they have infringed five of our patents relating to optical navigation devices and they have counter-filed against us alleging that certain of our optical navigation devices infringe two of their patents, among other things. See Part I, Item 3. "Legal Proceedings" below for additional information regarding this dispute. An adverse decision in such types of legal action could limit our ability to assert our intellectual property rights and limit the value of our technology, including the loss of opportunities to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property against others. In addition, such legal actions or adverse decisions could otherwise negatively impact our business, financial condition and results of operations.

From time to time we may need to obtain additional intellectual property licenses or renew existing license agreements. We are unable to predict whether these license agreements can be obtained or renewed on acceptable terms or at all.

Competition in our industry could prevent us from growing our revenue and from raising prices to offset increases in costs.

The global semiconductor market is highly competitive. We compete in different target markets to various degrees on the basis of, among other things, quality, technical performance, price, product features, product system compatibility, system-level design capability, engineering expertise, responsiveness to customers, new product innovation, product availability, delivery timing and reliability, and customer sales and technical support. Current and prospective customers for our products evaluate our capabilities against the merits of our direct competitors. Some of our competitors are well established, have a more extensive product portfolio, have substantially greater market share and manufacturing, financial, research and development and marketing resources to pursue development, engineering, manufacturing, marketing and distribution of their products. In addition, many of our competitors have longer independent operating histories, greater presence in key markets, more comprehensive patent protection and greater name recognition. We compete with integrated device manufacturers, or IDMs, and fabless semiconductor companies as well as the internal resources of large, integrated OEMs. Our competitors range from large, international companies offering a wide range of semiconductor products to smaller companies specializing in narrow markets. We expect competition in the markets in which we participate to continue to increase as existing competitors improve or expand their product offerings. In addition, companies not currently in direct competition with us may introduce competing products in the future. Because our products are often building block semiconductors providing functions that in some cases can be integrated into more complex integrated circuits, or ICs, we also face competition from manufacturers of ICs, as well as customers that develop their own IC products. The competitive landscape is changing as a result of an increasing trend of consolidation within the industry, as some of our competitors have merged with or been acquired by other competitors while others have begun collaborating with each other. We expect this consolidation trend to continue.

Our ability to compete successfully depends on elements both within and outside of our control, including industry and general economic trends. During past periods of downturns in our industry, competition in the markets in which we operate intensified as manufacturers of semiconductors reduced prices in order to combat production overcapacity and high inventory levels. The actions of our competitors, particularly in the area of pricing, can have a substantial adverse impact on our revenues, and potentially on revenues in specific industry end markets. In periods

where the semiconductor industry experiences significant declines, manufacturers in financial difficulties or in bankruptcy may implement pricing structures designed to ensure short-term market share and near-term survival, rather than securing long-term viability. In addition, many of our competitors have substantially greater financial and other resources than us with which to withstand adverse economic or market conditions and any associated pricing actions of other market participants in the future.

We may be unable to make the substantial and productive research and development investments which are required to remain competitive in our business.

The semiconductor industry requires substantial investment in research and development in order to develop and bring to market new and enhanced technologies and products. In order to remain competitive, we anticipate that we will need to maintain or increase our levels of research and development expenditures, and we expect research and development expenses to increase in absolute dollars for the foreseeable future, due to the increasing complexity and number of products we plan to develop. We do not know whether we will have sufficient resources to maintain or increase the level of investment in research and development required to remain competitive. In addition, we cannot assure you that the technologies where we have focused our research and development expenditures will become commercially successful. If we are required to invest significantly greater resources than anticipated in our research and development efforts without a corresponding increase in revenue, our operating results could decline.

Our business would be adversely affected by the departure of existing members of our senior management team or if our senior management team is unable to effectively implement our strategy.

Our success depends, in large part, on the continued contributions of our senior management team, in particular, the services of Mr. Hock E. Tan, our President and Chief Executive Officer. None of our senior management is bound by written employment contracts to remain with us for a specified period. In addition, we do not currently maintain key person life insurance covering our senior management. The loss of any of our senior management could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate.

If we are unable to attract, train and retain qualified personnel, especially our design and technical personnel, we may not be able to execute our business strategy effectively.

Our future success depends on our ability to retain, attract and motivate qualified personnel, including our management, sales and marketing, legal and finance, and especially our design and technical personnel. We do not know whether we will be able to retain all of these employees as we continue to pursue our business strategy. We have historically encountered difficulties in hiring and retaining qualified engineers because there is a limited pool of engineers with expertise in analog and optoelectronic semiconductor design. Competition for such personnel is intense in the semiconductor industry. As the source of our technological and product innovations, our design and technical personnel represent a significant asset. The loss of the services of key employees, especially our key design and technical personnel, or our inability to retain, attract and motivate qualified design and technical personnel, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to warranty claims, product recalls and product liability.

We are currently, and from time to time may be, subject to warranty or product liability claims that have lead and may in the future lead to significant expenses as we compensate affected customers for costs incurred related to product quality issues. For example, in the second quarter of 2009 we identified a product quality issue with a particular component that we took steps to correct, including notifying our customers and offering to replace such components. We are continuing our discussions with affected customers regarding this issue, and have compensated or otherwise rectified the issue with many of those customers. As at October 31, 2010, we have recorded \$17 million in charges associated with this issue, including \$11 million in fiscal year 2010, and may incur additional charges as we continue to work with our customers to resolve the matter.

Although we maintain product liability insurance, such insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self-insure with respect to certain matters. We may incur costs and expenses in the event of any recall of a customer's product containing one of our devices. The process of identifying a recalled product in devices that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs, contract damage claims from our customers and reputational harm. Costs or payments made in connection with warranty and product liability claims and product recalls could materially affect our financial condition and results of operations.

The complexity of our products could result in unforeseen delays or expenses or undetected defects or bugs, which could adversely affect the market acceptance of new products, damage our reputation with current or prospective customers, and materially and adversely affect our operating costs.

Highly complex products such as the products that we offer, may contain defects and bugs when they are first introduced or as new versions are released, or their release may be delayed due to unforeseen difficulties during product development. We have in the past experienced, and may in the future experience, these defects, bugs and delays. If any of our products contain defects or bugs, or have reliability, quality or compatibility problems, we may not be able to successfully design workarounds. Consequently, our reputation may be damaged and customers may be reluctant to buy our products, which could materially and adversely affect our ability to retain existing customers, attract new customers, and our financial results. In addition, these defects or bugs could interrupt or delay sales to our customers. To resolve these problems, we may have to invest significant capital and other resources. Although our products are tested by our suppliers, our customers and ourselves, it is possible that our new products will contain defects or bugs. If any of these problems are not found until after we have commenced commercial production of a new product, we may be required to incur additional development costs and product recall, repair or replacement costs. These problems may also result in claims against us by our customers or others. For example, if a delay in the manufacture and delivery of our products causes the delay of a customer's product delivery, we may be required, under the terms of our agreement with that customer, to compensate the customer for the adverse effects of such delays. In addition, these problems may divert our technical and other resources from other development efforts, and we would likely lose, or experience a delay in, market acceptance of the affected product or products, and we could lose credibility with our current and prospective customers. As a result, our financial results could be materially and adversely affected.

Failure to adjust our supply chain volume due to changing market conditions or failure to accurately estimate our customers' demand could adversely affect our results of operations.

We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, levels of reliance on contract manufacturing and outsourcing, personnel needs and other resource requirements, based on our estimates of customer requirements. The short-term nature of commitments by many of our customers and the possibility of rapid changes in demand for their products reduces our ability to accurately estimate future customer requirements. Our results of operations could be harmed if we are unable to adjust our supply chain volume to address market fluctuations, including those caused by the seasonal or cyclical nature of the markets in which we operate. The sale of our products is dependent, to a large degree, on customers whose industries are subject to seasonal or cyclical trends in the demand for their products. For example, the consumer electronics market is particularly volatile and is subject to seasonality related to the holiday selling season, making demand difficult to anticipate. On occasion, customers may require rapid increases in production, which can challenge our resources and reduce margins. During a market upturn, we may not be able to purchase sufficient supplies or components, or secure sufficient contract manufacturing capacity, to meet increasing product demand, which could harm our reputation, prevent us from taking advantage of opportunities and reduce revenue growth. In addition, some parts are not readily available from alternate suppliers due to their unique design or the length of time necessary for design work.

In order to secure components for the production of products, we may continue to enter into non-cancelable purchase commitments with vendors or make advance payments to suppliers, which could reduce our ability to adjust our inventory or expense levels to declining market demands. Prior commitments of this type have resulted in

an excess of parts when demand for our products has decreased. Downturns in the semiconductor industry have in the past caused, and may in the future cause, our customers to reduce significantly the amount of products ordered from us. If demand for our products is less than we expect, we may experience excess and obsolete inventories and be forced to incur additional charges. Conversely, if OEMs order more of our products in any particular quarter than are ultimately required to satisfy end customer demand, inventories at these OEMs may grow in such quarter, which could adversely affect our product revenues in a subsequent quarter as such OEMs would likely reduce future orders until their inventory levels realign with end customer demand. In addition, because certain of our sales, research and development and internal manufacturing overhead expenses are relatively fixed, a reduction in customer demand may decrease our gross margins and operating income.

We are subject to currency exchange risks that could adversely affect our operations.

Although a majority of our revenue and operating expenses is denominated in U.S. dollars, and we prepare our financial statements in U.S. dollars in accordance with generally accepted accounting principles, or GAAP, a portion of our revenue and operating expenses is in foreign currencies. As a result, we are subject to currency risks that could adversely affect our operations, including:

- risks resulting from changes in currency exchange rates and the implementation of exchange controls; and
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries.

Changes in exchange rates will result in increases or decreases in our costs and earnings, and may also affect the book value of our assets located outside the United States and the amount of our equity. Although we seek to minimize our currency exposure by engaging in hedging transactions where we deem it appropriate, we do not know whether our efforts will be successful.

Our operating results and financial condition could be harmed if the markets into which we sell our products decline.

Visibility into our markets is limited. As was the case in the recent economic downturn, any decline in our customers' markets would likely result in a reduction in demand for our products and make it more difficult to collect on outstanding amounts due to us. For example, if the Asian market does not continue to grow as anticipated or if the semiconductor market declines, our results of operations will likely suffer. In such an environment, pricing pressures could intensify and, if we were unable to respond quickly, could significantly reduce our gross margins. To the extent we cannot offset recessionary periods or periods of reduced growth that may occur in these markets through increased market share or otherwise, our net revenue may decline and our business, financial condition and results of operations may suffer. Pricing pressures and competition are especially intense in semiconductor-related industries, which could prevent achievement of our long-term financial goals and could require us to implement additional cost-cutting measures. Furthermore, industry growth rates may not be as forecasted, which could result in us spending on process and product development well ahead of market requirements, which in turn could have a material adverse effect on our business, financial condition and results of operations.

The demands or loss of one or more of our significant customers may adversely affect our business.

Some of our customers are material to our business and results of operations. During fiscal year 2010, no customer accounted for 10% or more of our net revenue, and our top 10 customers, which included five distributors, collectively accounted for 55% of our net revenue. During fiscal year 2009, no customer accounted for 10% or more of our net revenue, and our top 10 customers, which included four distributors, collectively accounted for 60% of our net revenue. We believe our top customers' purchasing power has given them the ability to make greater demands on their suppliers, including us. We expect this trend to continue, which we expect will result in our results of operations becoming increasingly sensitive to deterioration in the financial condition of, or other adverse developments related to, one or more of our significant customers. Although we believe that our relationships with our major customers are good, we generally do not have long-term contracts with any of them, which is typical of our industry. As a result, although our customers provide indications of their product needs and purchases on an annual basis, they generally purchase our products on a weekly or daily basis and the relationship, as well as

particular orders, can be terminated at any time. The loss of any of our major customers, or any substantial reduction in sales to any of these customers, could have a material adverse effect on our business, financial condition and results of operations.

We generally do not have any long-term supply contracts with our contract manufacturers or materials suppliers and may not be able to obtain the products or raw materials required for our business, which could have a material adverse affect on our business.

We either obtain the products we need for our business from third-party contract manufacturers or we obtain the materials we need for our products from suppliers, some of which are our single source suppliers for these materials. We purchase a significant portion of our semiconductor materials and finished goods from a few suppliers and contract manufacturers. For fiscal year 2010, we purchased 54% of the materials for our manufacturing processes from eight suppliers. For fiscal year 2009, we purchased 52% of the materials for our manufacturing processes from eight suppliers. Substantially all of our purchases are on a purchase order basis, and we have not generally entered into long-term contracts with our contract manufacturers or suppliers. In the event that these purchase orders or relationships with suppliers are terminated, we cannot obtain sufficient quantities of raw materials at reasonable prices, the quality of the material deteriorates, we fail to satisfy our customers' requirements or we are not able to pass on higher materials or energy costs to our customers, our business, financial condition and results of operations could be adversely impacted.

Our manufacturing processes rely on many materials, including silicon and GaAs wafers, copper lead frames, mold compound, ceramic packages and various chemicals and gases. From time to time, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors. Although we believe that our current supplies of materials are adequate, shortages could occur in various essential materials due to interruption of supply or increased demand in the industry.

We use third-party contractor manufacturers for most of our manufacturing activities, primarily for wafer fabrication and module assembly and test services. Our agreements with these manufacturers typically require us to forecast product needs, commit to purchase services consistent with these forecasts and may require other commitments in the early stages of the relationship. Our operations could be adversely affected in the event that these contractual relationships were disrupted or terminated, the cost of such services increased significantly, the quality of the services provided deteriorated, our forecasts proved to be materially incorrect or capacity is consumed by our competitors.

We rely on third parties to provide corporate infrastructure services necessary for the operation of our business. Any failure of one or more of our vendors to provide these services could have a material adverse effect on our business.

We rely on third-party vendors to provide critical corporate infrastructure services, including, among other things, certain services related to accounting, billing, human resources, information technology, or IT, network development and network monitoring. We depend on these vendors to ensure that our corporate infrastructure will consistently meet our business requirements. The ability of these third-party vendors to successfully provide reliable, high quality services is subject to technical and operational uncertainties that are beyond our control. While we may be entitled to damages if our vendors fail to perform under their agreements with us, our agreements with these vendors limit the amount of damages we may receive. In addition, we do not know whether we will be able to collect on any award of damages or that any such damages would be sufficient to cover the actual costs we would incur as a result of any vendor's failure to perform under its agreement with us. We are currently implementing a phased migration of our data centers in Singapore from one managed location to another, refreshing critical hardware and implementing centralized disaster recovery procedures. Any difficulties in the migration of certain enterprise-critical applications during this process may result in short periods of downtime for these applications, which may adversely affect our ability to accept customer orders, manufacture or ship products or invoice customers during those periods. Any failure of our corporate infrastructure could have a material adverse effect on our business, financial condition and results of operations. Upon expiration or termination of any of our agreements with third-party vendors, we may not be able to replace the services provided to us in a timely manner or on terms

and conditions, including service levels and cost, that are favorable to us and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

Our gross margin is dependent on a number of factors, including our product mix and level of capacity utilization.

Our gross margin is highly dependent on product mix, with proprietary products and products sold into our industrial and automotive target market typically providing higher gross margin than other products. A shift in sales mix away from our higher margin products could adversely affect our future gross margin percentages. In addition, semiconductor manufacturing requires significant capital investment, leading to high fixed costs, including depreciation expense. Although we outsource a significant portion of our manufacturing activities, we do retain some semiconductor fabrication facilities. If we are unable to utilize our owned fabrication facilities at a high level, the fixed costs associated with these facilities will not be fully absorbed, resulting in higher average unit costs and lower gross margins. In the past, we have experienced periods where our gross margins declined due to, among other things, reduced factory utilization resulting from reduced customer demand, reduced selling prices and a change in product mix towards lower margin devices. Increased competition and the existence of product alternatives, more complex engineering requirements, lower demand and other factors may lead to further price erosion, lower revenues and lower margins for us in the future.

Our business, financial condition and results of operations could be adversely affected by the political and economic conditions of the countries in which we conduct business and other factors related to our international operations.

We sell our products throughout the world. In addition, as at October 31, 2010, approximately 67% of our employees are located outside of the United States. Multiple factors relating to our international operations and to particular countries in which we operate could have a material adverse effect on our business, financial condition and results of operations. These factors include:

- changes in political, regulatory, legal or economic conditions;
- restrictive governmental actions, such as restrictions on the transfer or repatriation of funds and foreign investments and trade protection measures, including export duties and quotas and customs duties and tariffs;
- disruptions of capital and trading markets;
- changes in import or export licensing requirements;
- transportation delays;
- civil disturbances or political instability;
- geopolitical turmoil, including terrorism, war or political or military coups;
- changes in labor standards;
- limitations on our ability under local laws to protect our intellectual property;
- nationalization of businesses and expropriation of assets;
- changes in tax laws;
- currency fluctuations, which may result in our products becoming too expensive for foreign customers or foreign-sourced materials and services becoming more expensive for us; and
- difficulty in obtaining distribution and support.

A majority of our products are produced and sourced in Asia, including in China, Malaysia, the Philippines, Singapore, Taiwan and Thailand. Any conflict or uncertainty in these countries, including due to political or civil unrest or public health or safety concerns could have a material adverse effect on our business, financial condition and results of operations. In addition, if the government of any country in which our products are manufactured or

sold sets technical standards for products manufactured in or imported into their country that are not widely shared, it may lead certain of our customers to suspend imports of their products into that country, require manufacturers in that country to manufacture products with different technical standards and disrupt cross-border manufacturing relationships which, in each case, could have a material adverse effect on our business, financial condition and results of operations.

In addition, our subsidiaries may require future equity-related financing, and any capital contributions to certain of our subsidiaries may require the approval of the relevant authorities in the jurisdiction in which the subsidiary is incorporated. The approvals are required from the investment commissions or similar agency of the particular jurisdiction and relate to any initial or additional equity investment by foreign entities in local corporations. Our failure to obtain the required approvals and our resulting inability to provide such equity-related financing or capital contributions could have an adverse effect on our business, financial condition and results of operations.

If we suffer loss or significant damage to our factories, facilities or distribution system due to catastrophe, our operations could be seriously harmed.

Our factories, facilities and distribution system, and those of our contract manufacturers, are subject to risk of catastrophic loss due to fire, flood, or other natural or man-made disasters. The majority of our facilities and those of our contract manufacturers are located in the Pacific Rim region, a region with above average seismic and severe weather activity. In addition, our research and development personnel are concentrated in a few locations, primarily Korea, Malaysia, Singapore, Fort Collins, Colorado and San Jose, California, with the expertise of the personnel at each such location tending to be focused on one or two specific areas. Any catastrophic loss or significant damage to any of these facilities would likely disrupt our operations, delay production, shipments and revenue and result in significant expenses to repair or replace the facility, and in some instances could significantly curtail our research and development efforts in a particular product area or target market. In particular, any catastrophic loss at our Fort Collins, Colorado and Singapore facilities would materially and adversely affect our business.

If the tax incentive or tax holiday arrangements we have negotiated in Singapore and other jurisdictions change or cease to be in effect or applicable, or if our assumptions and interpretations regarding tax laws and incentive or holiday arrangements prove to be incorrect, the amount of corporate income taxes we have to pay could significantly increase.

We have structured our operations to maximize the benefit from various tax incentives and tax holidays extended to us in various jurisdictions to encourage investment or employment. For example, we have obtained several tax incentives from the Singapore Economic Development Board, an agency of the Government of Singapore, which provide that certain classes of income we earn in Singapore are subject to tax holidays or reduced rates of Singapore income tax. Each such tax incentive is separate and distinct from the others, and may be granted, withheld, extended, modified, truncated, complied with or terminated independently without any effect on the other incentives. In order to retain these tax benefits in Singapore, we must meet certain operating conditions specific to each incentive relating to, among other things, maintenance of a treasury function, a corporate headquarters function, specified intellectual property activities and specified manufacturing activities in Singapore. Some of these operating conditions are subject to phase-in periods through 2015. The Singapore tax incentives are presently scheduled to expire at various dates generally between 2014 and 2025, subject in certain cases to potential extensions. Absent such tax incentives, the corporate income tax rate in Singapore that would otherwise apply to us would be 17% commencing from the 2010 year of assessment. For the fiscal years ended November 2, 2008, November 1, 2009 and October 31, 2010, the effect of all these tax incentives, in the aggregate, was to reduce the overall provision for income taxes from what it otherwise would have been in such year by approximately \$24 million, \$17 million and \$63 million, respectively. The tax incentives that we have negotiated in other jurisdictions are also subject to our compliance with various operating and other conditions. If we cannot or elect not to comply with the operating conditions included in any particular tax incentive, we will lose the related tax benefits and could be required to refund material tax benefits previously realized by us with respect to that incentive and, depending on the incentive at issue, could likely be required to modify our operational structure and tax strategy.

Any such modified structure or strategy may not be as beneficial to us from an income tax expense or operational perspective as the benefits provided under the present tax concession arrangements.

Our interpretations and conclusions regarding the tax incentives are not binding on any taxing authority, and if our assumptions about tax and other laws are incorrect or if these tax incentives are substantially modified or rescinded we could suffer material adverse tax and other financial consequences, which would increase our expenses, reduce our profitability and adversely affect our cash flows. In addition, taxable income in any jurisdiction is dependent upon acceptance of our operational practices and intercompany transfer pricing by local tax authorities as being on an arm's length basis. Due to inconsistencies in application of the arm's length standard among taxing authorities, as well as lack of adequate treaty-based protection, transfer pricing challenges by tax authorities could, if successful, substantially increase our income tax expense.

The enactment of legislation implementing changes in U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.

Tax bills are introduced from time to time to reform U.S. taxation of international business activities. Depending on the final form of legislation enacted, if any, these consequences may be significant for us due to the large scale of our international business activities. If any of these proposals are enacted into legislation, they could have material adverse consequences on the amount of tax we pay and thereby on our financial position and results of operations.

We may pursue acquisitions, dispositions, investments and joint ventures, which could affect our results of operations.

We have made and expect to continue to make acquisitions of, and investments in, businesses that offer complementary products, services and technologies, augment our market coverage, or enhance our technological capabilities. We may also enter into strategic alliances or joint ventures to achieve these goals. We cannot assure you that we will be able to identify suitable acquisition, investment, alliance, or joint venture opportunities or that we will be able to consummate any such transactions or relationships on terms and conditions acceptable to us, or that such transactions or relationships will be successful.

These transactions or any other acquisitions or dispositions involve risks and uncertainties. For example, the integration of acquired businesses may not be successful and could result in disruption to other parts of our business. In addition, the integration may require that we incur significant restructuring charges. To integrate acquired businesses, we must implement our management information systems, operating systems and internal controls, and assimilate and manage the personnel of the acquired operations. The difficulties of the integrations may be further complicated by such factors as geographic distances, lack of experience operating in the geographic market or industry sector of the acquired business, delays and challenges associated with integrating the business with our existing businesses, diversion of management's attention from daily operations of the business, potential loss of key employees and customers of the acquired business, the potential for deficiencies in internal controls at the acquired or combined business, performance problems with the acquired business' technology, difficulties in entering markets in which we have no or limited direct prior experience, exposure to unanticipated liabilities of the acquired business, insufficient revenues to offset increased expenses associated with the acquisition, and our potential inability to achieve the growth prospects and synergies expected from any such acquisition. Even when an acquired business has already developed and marketed products, there can be no assurance that product enhancements will be made in a timely fashion or that all pre-acquisition due diligence will have identified all material issues that might arise with respect to such acquired assets.

Any acquisition may also cause us to assume liabilities, acquire goodwill and non-amortizable intangible assets that will be subject to impairment testing and potential impairment charges, incur amortization expense related to certain intangible assets, increase our expenses and working capital requirements, and subject us to litigation, which would reduce our return on invested capital. Failure to manage and successfully integrate the acquisitions we make could materially harm our business and operating results.

Any future acquisitions may require additional debt or equity financing, which, in the case of debt financing, would increase our leverage and potentially affect our credit ratings, and in the case of equity financing, would be dilutive to our existing shareholders. Any downgrades in our credit ratings associated with an acquisition could adversely affect our ability to borrow by resulting in more restrictive borrowing terms. As a result of the foregoing, we also may not be able to complete acquisitions or strategic customer transactions in the future to the same extent as in the past, or at all. These and other factors could harm our ability to achieve anticipated levels of profitability at acquired operations or realize other anticipated benefits of an acquisition, and could adversely affect our business, financial condition and results of operations.

Our business is subject to various governmental regulations, and compliance with these regulations may cause us to incur significant expenses. If we fail to maintain compliance with applicable regulations, we may be forced to recall products and cease their manufacture and distribution, and we could be subject to civil or criminal penalties.

Our business is subject to various significant international and U.S. laws and other legal requirements, including packaging, product content, labor and import/export regulations. These regulations are complex, change frequently and have generally become more stringent over time. We may be required to incur significant expenses to comply with these regulations or to remedy violations of these regulations. Any failure by us to comply with applicable government regulations could result in cessation of our operations or portions of our operations, product recalls or impositions of fines and restrictions on our ability to conduct our operations. In addition, because many of our products are regulated or sold into regulated industries, we must comply with additional regulations in marketing our products.

Our products and operations are also subject to the rules of industrial standards bodies, like the International Standards Organization, as well as regulation by other agencies, such as the U.S. Federal Communications Commission. If we fail to adequately address any of these rules or regulations, our business could be harmed.

We must conform the manufacture and distribution of our semiconductors to various laws and adapt to regulatory requirements in all countries as these requirements change. If we fail to comply with these requirements in the manufacture or distribution of our products, we could be required to pay civil penalties, face criminal prosecution and, in some cases, be prohibited from distributing our products commercially until the products or component substances are brought into compliance.

We are subject to environmental, health and safety laws, which could increase our costs, restrict our operations and require expenditures that could have a material adverse effect on our results of operations and financial condition.

We are subject to a variety of international and U.S. laws and other legal requirements relating to the use, disposal, clean-up of and human exposure to, hazardous materials. Any failure by us to comply with environmental, health and safety requirements could result in the limitation or suspension of production or subject us to future liabilities in excess of our reserves. In addition, compliance with environmental, health and safety requirements could restrict our ability to expand our facilities or require us to acquire costly pollution control equipment, incur other significant expenses or modify our manufacturing processes. In the event of the discovery of new contamination, additional requirements with respect to existing contamination, or the imposition of other cleanup obligations for which we are responsible, we may be required to take remedial or other measures which could have a material adverse effect on our business, financial condition and results of operations.

We also face increasing complexity in our product design and procurement operations as we adjust to new requirements relating to the materials composition of our products, including the restrictions on lead and certain other substances in electronics that apply to specified electronics products sold in the European Union as of July 1, 2006 under the Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive. Other countries, such as the United States, China and Japan, have enacted or may enact laws or regulations similar to the EU legislation. Other environmental regulations may require us to reengineer our products to utilize components that are more environmentally compatible. Such reengineering and component substitution may result in excess inventory or other additional costs and could have a material adverse effect on our results of operations.

In addition to the costs of complying with environmental, health and safety requirements, we may in the future incur costs defending against environmental litigation brought by government agencies and private parties. We may be defendants in lawsuits brought by parties in the future alleging environmental damage, personal injury or property damage. A significant judgment against us could harm our business, financial condition and results of operations.

In the last few years, there has been increased media scrutiny and associated reports focusing on a potential link between working in semiconductor manufacturing clean room environments and certain illnesses, primarily different types of cancers. Regulatory agencies and industry associations have begun to study the issue to see if any actual correlation exists. Because we utilize clean rooms, we may become subject to liability claims. In addition, these reports may also affect our ability to recruit and retain employees.

We cannot predict:

- changes in environmental or health and safety laws or regulations;
- the manner in which environmental or health and safety laws or regulations will be enforced, administered or interpreted;
- our ability to enforce and collect under indemnity agreements and insurance policies relating to environmental liabilities; or
- the cost of compliance with future environmental or health and safety laws or regulations or the costs associated with any future environmental claims, including the cost of clean-up of currently unknown environmental conditions.

We have taken significant restructuring charges in the past and may need to take material restructuring charges in the future.

During fiscal year 2009, we pursued a number of restructuring initiatives designed to reduce costs and increase revenue across our operations, in large part due to the global economic downturn and related decline in demand for our customers' products. These initiatives included significant workforce reductions in certain areas as we realigned our business, establishing certain operations closer in location to our global customers, evaluating functions more efficiently performed through partnerships or other outside relationships and steps to attempt to further reduce our overhead costs. As a result of these initiatives, we incurred restructuring charges of \$34 million in fiscal year 2009 and \$4 million in fiscal year 2010.

We may be required to take additional charges in the future as we continue to evaluate our operations and cost structures relative to general economic conditions, market demands, cost competitiveness, and our geographic footprint as it relates to our customers' production requirements. We cannot assure you as to the timing or amount of any future restructuring charges. If we are required to take additional restructuring charges in the future, our operating results, financial condition, and cash flows may be adversely impacted. Additionally, there are other potential risks associated with our restructurings that could adversely affect us, such as delays encountered with the finalization and implementation of the restructuring activities, work stoppages, and the failure to achieve targeted cost savings.

We are subject to risks associated with our distributors' product inventories and product sell-through.

We sell many of our products to customers through distributors who maintain their own inventory of our products for sale to dealers and end users. We recognize revenues for sales to distributors upon delivery to the distributor. We limit distributor return rights and we allow limited price adjustments on sales to distributors. We provide reserves for distributor rights related to these limited stock returns and price adjustments. Sales to distributors accounted for 41% and 33% of our net revenue for the fiscal years 2010 and 2009, respectively.

If these distributors are unable to sell an adequate amount of their inventory of our products in a given quarter to dealers and end users or if they decide to decrease their inventories for any reason, such as due to the recent global recession or due to any downturn in technology spending, our sales to these distributors and our revenues may decline. In addition, if distributors decide to purchase more inventory in any particular quarter, due to product

availability or other reasons, than is required to satisfy end customer demand, inventory at our distributors may grow in such quarter, which could adversely affect our product revenues in a subsequent quarter as such distributors will likely reduce future orders until their inventory levels realign with end customer demand. For example, during the fiscal year ended November 1, 2009, and in particular during the first fiscal quarter of that year, the semiconductor industry experienced a significant decline in demand. Consequently, our distributors experienced declines in their resales of our products and were carrying a higher level of inventories of our products than historical levels at the end of the first quarter of fiscal year 2009. As a result, our distributors reduced their inventory of our products during the second fiscal quarter of 2009 and we also reduced our own inventory by \$27 million or 15% in that quarter.

We also face the risk that our distributors may for other reasons have inventory levels of our products in excess of future anticipated sales. If such sales do not occur in the time frame anticipated by these distributors for any reason, these distributors may substantially decrease the amount of product they order from us in subsequent periods, which would harm our business.

Our reserve estimates associated with products stocked by our distributors are based largely on reports that our distributors provide to us on a monthly basis. To date, we believe this data has been generally accurate. To the extent that this resale and channel inventory data is inaccurate or not received in a timely manner, we may not be able to make reserve estimates for future periods accurately or at all.

We rely on third-party distributors and manufacturers' representatives, as well as our employee sales representatives, and the failure of these representatives to perform as expected could reduce our future sales.

We sell many of our products to customers through distributors and manufacturers' representatives, as well as through our employee sales representatives. We are unable to predict the extent to which our distributors and manufacturers' representatives will be successful in marketing and selling our products. Moreover, many of our distributors and manufacturers' representatives and distributors also market and sell competing products. Our relationships with our representatives and distributors may be terminated by either party at any time. As part of a change in strategy, in order to more effectively manage sales representatives performance, we recently terminated our relationships with a substantial number of our manufacturing representatives in the United States and have replaced them with additional employee representatives. We continue to evaluate our sales strategy and may make further changes in the future, which may include terminating additional manufacturing representatives. Our future performance will depend, in part, on our ability to attract additional distributors or manufacturers' representatives that will be able to market and support our products effectively, especially in markets in which we have not previously distributed our products, and on our ability to effectively transition sales efforts from our terminated U.S. manufacturing representatives to our employee sales representatives. If we cannot retain our current distributors or manufacturers' representatives or recruit additional or replacement distributors or manufacturers' representatives, or effectively manage the transition from our terminated U.S. manufacturing representatives to our employee sales representatives, our sales and operating results will be harmed. We continue to adjust our sales strategy regarding the use of manufacturing representatives and direct sales employees as needed.

The average selling prices of products in our markets have historically decreased rapidly and will likely do so in the future, which could harm our revenues and gross profits.

The products we develop and sell are used for high volume applications. As a result, the prices of those products have historically decreased rapidly. Gross profits on our products may be negatively affected by, among other things, pricing pressures from our customers, and the proportion of sales of our wireless and other products into consumer application markets, which are highly competitive and cost sensitive. In the past, we have reduced the average selling prices of our products in anticipation of future competitive pricing pressures, new product introductions by us or our competitors and other factors. Our gross profits and financial results will suffer if we are unable to offset any reductions in our average selling prices by increasing our sales volumes, reducing manufacturing costs, or developing new and higher value-added products on a timely basis.

We are required to assess our internal control over financial reporting on an annual basis and any adverse findings from such assessment could result in a loss of investor confidence in our financial reports, significant expenses to remediate any internal control deficiencies and ultimately have an adverse effect on our share price.

We are required to assess the effectiveness of our internal control over financial reporting annually and disclosure controls and procedures quarterly. As required, we complied with Section 404 under the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, for fiscal year 2010. Even though our system of internal controls has achieved compliance with Section 404, we need to maintain our processes and systems and adapt them to changes as our business changes and we rearrange management responsibilities and reorganize our business accordingly. This continuous process of maintaining and adapting our internal controls and complying with Section 404 is expensive, time-consuming and requires significant management attention. We cannot be certain that our internal control measures will continue to provide adequate control over our financial processes and reporting and ensure compliance with Section 404. Furthermore, as our business changes and as we acquire other companies, our internal controls may become more complex and we may require more resources to ensure they remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify material weaknesses in our internal controls, the disclosure of that fact, even if quickly remedied, may cause investors to lose confidence in our financial statements and the trading price of our ordinary shares may decline.

Remediation of a material weakness could require us to incur significant expense and if we fail to remedy any material weakness, our financial statements may be inaccurate, our ability to report our financial results on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, the trading price of our ordinary shares may decline, and we may be subject to sanctions or investigation by regulatory authorities, including the SEC or The Nasdaq Global Select Market. We may also be required to restate our financial statements from prior periods.

Our indebtedness could adversely affect our financial health and our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from fulfilling our obligations under our indebtedness.

We have a \$350 million revolving credit facility of which \$339 million is currently available for borrowings. Borrowings under our senior credit agreement are secured by substantially all of our assets. Subject to restrictions in our senior credit agreement, we may incur additional indebtedness.

While we have recently significantly reduced the amount of our indebtedness by redeeming and repurchasing all of our previously outstanding notes in 2009 and 2010, if we were to borrow substantial amounts under our revolving credit facility or otherwise incur significant additional indebtedness, it could have important consequences including:

- increasing our vulnerability to adverse general economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts, execution of our business strategy and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in the economy and the semiconductor industry;
- placing us at a competitive disadvantage compared to our competitors with less indebtedness;
- exposing us to interest rate risk to the extent of our variable rate indebtedness;
- limiting our ability to, or increasing the costs to, refinance indebtedness; and

- making it more difficult to borrow additional funds in the future to fund working capital, capital expenditures and other purposes.

Any of the foregoing could materially and adversely affect our business, financial conditions and results of operations.

Our senior credit agreement imposes significant restrictions on our business.

Our senior credit agreement contains a number of covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. The restrictions placed on us include limitations on our ability and the ability of our subsidiaries to:

- incur additional indebtedness and issue ordinary or preferred shares;
- pay dividends or make other distributions on, redeem or repurchase our shares or make other restricted payments;
- make investments, acquisitions, loans or advances;
- incur or create liens;
- transfer or sell certain assets;
- engage in sale and lease back transactions;
- declare dividends or make other payments to us;
- guarantee indebtedness;
- engage in transactions with affiliates; and
- consolidate, merge or transfer all or substantially all of our assets.

In addition, over a specified limit, our senior credit agreement requires us to meet a financial ratio test and restricts our ability to make capital expenditures or prepay certain other indebtedness. Our ability to meet the financial ratio test may be affected by events beyond our control, and we do not know whether we will be able to maintain this ratio. The foregoing restrictions could limit our ability to plan for, or react to, changes in market conditions or our capital needs. We do not know whether we will be granted waivers under, or amendments to, our senior credit agreement if for any reason we are unable to meet these requirements, or whether we will be able to refinance our indebtedness on terms acceptable to us, or at all.

The breach of any of these covenants or restrictions could result in a default under our senior credit agreement. If we are unable to repay amounts due under the credit facility when due or in the event of a default, the lenders under our senior credit agreement could proceed against the collateral securing that debt. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Investments in Singapore Companies

It may be difficult to enforce a judgment of U.S. courts for civil liabilities under U.S. federal securities laws against us, our directors or officers in Singapore.

We are incorporated under the laws of the Republic of Singapore, and certain of our officers and directors are or will be residents outside the United States. Moreover, a majority of our consolidated assets are located outside the United States. Although we are incorporated outside the United States, we have agreed to accept service of process in the United States through our agent designated for that purpose. Nevertheless, since a majority of the consolidated assets owned by us are located outside the United States, any judgment obtained in the United States against us may not be collectible within the United States.

There is no treaty between the United States and Singapore providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters and a final judgment for the payment of money rendered

by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would, therefore, not be automatically enforceable in Singapore. There is doubt whether a Singapore court may impose civil liability on us or our directors and officers who reside in Singapore in a suit brought in the Singapore courts against us or such persons with respect to a violation solely of the federal securities laws of the United States, unless the facts surrounding such a violation would constitute or give rise to a cause of action under Singapore law. Consequently, it may be difficult for investors to enforce against us, our directors or our officers in Singapore judgments obtained in the United States which are predicated upon the civil liability provisions of the federal securities laws of the United States.

We are incorporated in Singapore and our shareholders may have more difficulty in protecting their interest than they would as shareholders of a corporation incorporated in the United States.

Our corporate affairs are governed by our memorandum and articles of association and by the laws governing corporations incorporated in Singapore. The rights of our shareholders and the responsibilities of the members of our board of directors under Singapore law are different from those applicable to a corporation incorporated in the United States. Therefore, our public shareholders may have more difficulty in protecting their interest in connection with actions taken by our management, members of our board of directors or our controlling shareholder than they would as shareholders of a corporation incorporated in the United States. For example, controlling shareholders in U.S. corporations are subject to fiduciary duties while controlling shareholders in Singapore corporations are not subject to such duties. Please see "Comparison of Shareholder Rights" in the definitive Proxy Statement for our 2010 annual general meeting.

For a limited period of time, our directors have general authority to allot and issue new ordinary shares on terms and conditions as may be determined by our board of directors in its sole discretion.

Under Singapore law, we may only allot and issue new shares with the prior approval of our shareholders in a general meeting. At our 2010 annual general meeting of shareholders, our shareholders provided our directors with the general authority to allot and issue any number of new ordinary shares until the earlier of (i) the conclusion of our 2011 annual general meeting, (ii) the expiration of the period within which the next annual general meeting is required to be held (i.e., within 15 months from the conclusion of the last general meeting) or (iii) the subsequent revocation or modification of such general authority by our shareholders acting at a duly noticed and convened meeting. Subject to the general authority to allot and issue new ordinary shares provided by our shareholders, the provisions of the Singapore Companies Act and our memorandum and articles of association, our board of directors may allot and issue new ordinary shares on terms and conditions as they may think fit to impose. Any additional issuances of new ordinary shares by our directors may adversely impact the market price of our ordinary shares.

Risks Relating to Owning Our Ordinary Shares

Control by principal shareholders could adversely affect our other shareholders.

Investment funds affiliated with KKR and investment funds affiliated with Silver Lake together beneficially own approximately 39% of our outstanding ordinary shares through their ownership of Bali Investments S.à.r.l, our principal shareholder, and Seletar Investments Pte. Ltd., or Seletar, and Geyser Investment Pte. Ltd., or Geyser, beneficially own approximately 5% and 4% of our outstanding ordinary shares, respectively (based on the number of ordinary shares outstanding as of December 10, 2010). In addition, pursuant to the terms of our Second Amended and Restated Shareholder Agreement, or the Shareholder Agreement, KKR and Silver Lake together, the Sponsors, or their respective affiliates, and Seletar, can elect their respective designees to serve as members of our board of directors. These shareholders will have a continuing ability to control our board of directors and will continue to have significant influence over our affairs for the foreseeable future, including controlling the election of directors and significant corporate transactions, such as a merger or other sale of our company or our assets. This concentrated control will limit the ability of other shareholders to influence corporate matters and, as a result, we may take actions that our non-Sponsor shareholders do not view as beneficial. For example, this concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could cause the market price of our ordinary shares to decline or prevent our shareholders from realizing a premium over the market price for their ordinary shares.

Prior to December 10, 2010 we were a “controlled company” under the rules of The Nasdaq Global Select Market, as Bali, Seletar and Geysler, together referred to as the Sponsor Group, elected to file as a group with the SEC, with respect to their collective ownership of our shares. As of December 10, 2010, the Sponsor Group ceased to own a majority of our outstanding ordinary shares, and we ceased to be a “controlled company” under the rules of The Nasdaq Global Select Market. As a result, our board of directors will be required to be composed of a majority of independent directors and our compensation committee and our nominating and corporate governance committee will be required to be comprised entirely of independent directors, subject to applicable transition periods prescribed by The Nasdaq Global Select Market.

At times, our share price has been volatile and it may fluctuate substantially in the future, which could result in substantial losses for our investors.

The trading price of our ordinary shares has at times fluctuated significantly. Our ordinary shares have traded as high as \$28.48 per share and as low as \$14.33 per share since our initial public offering, or IPO, in August 2009. The trading price of our ordinary shares could be subject to wide fluctuations in response to many risk factors listed in this “Risk Factors” section, and others, many of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- overall conditions in the semiconductor market and general economic and market conditions;
- addition or loss of significant customers;
- changes in laws or regulations applicable to our products;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of technological innovations or competitive products by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- issuance of new or updated research or reports by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain intellectual property protection for our technologies;
- announcement of, or expectation of additional financing efforts;
- sales of our ordinary shares by us or our shareholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares; and
- changes in our dividend policy.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our ordinary shares. You may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management’s attention from other business concerns, which could seriously harm our business.

There has been a public market for our ordinary shares for only a short period of time. An active, liquid and orderly market for our ordinary shares may not develop or be sustained, which could depress the trading price of our

ordinary shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our ordinary shares depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Future sales of our ordinary shares in the public market could cause our share price to fall.

Sales of a substantial number of our ordinary shares in the public market, or the perception that these sales might occur, could depress the market price of our ordinary shares and could impair our ability to raise capital through the sale of additional equity securities.

As of December 10, 2010, approximately 116.0 million outstanding ordinary shares are subject to the contractual transfer restrictions in our Shareholder Agreement, which is described under "Certain Relationships and Related Party Transactions — Second Amended and Restated Shareholder Agreement — Transfer Restrictions" in the definitive proxy statement for our 2010 annual general meeting of shareholders. These shares are also subject to lock-up agreements that holders of the shares have signed with the underwriter of the secondary offering of our ordinary shares that was completed on December 10, 2010, under which they have agreed not to sell, transfer or dispose of, directly or indirectly, any shares of our ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares without the prior written consent of Deutsche Bank Securities until January 5, 2011, subject to a possible extension under certain circumstances. The underwriter of this offering may, in its sole discretion, release all or some portion of the shares subject to the 30-day lock-up agreements prior to expiration of such period, and the Company and the Sponsors may decide to waive the restrictions in the Shareholder Agreement.

An aggregate of approximately 1.8 million shares, as of August 1, 2010, and additional shares subject to options (of which 4.5 million were vested and exercisable as of August 1, 2010), held by certain employees and former employees were subject to transfer restrictions, pursuant to the terms of the management shareholders agreement, or Management Shareholders Agreement, to which they were party. The Management Shareholders Agreements, and the share transfer restrictions contained therein, were terminated with effect from September 27, 2010. As a result, these shares have become generally available for sale, subject to compliance with applicable securities laws and our insider trading policy.

As of December 10, 2010, holders of approximately 116.0 million ordinary shares are entitled to rights with respect to registration of such shares under the Securities Act pursuant to a registration rights agreement. If such holders, by exercising their registration rights, sell a large number of shares, they could adversely affect the market price for our ordinary shares. If we register the sale of additional shares to raise capital, and are required to include shares held by these holders pursuant to the exercise of their registration rights, our ability to raise capital may be impaired.

In addition, shares issued pursuant to our equity incentive plans may be freely sold in the public market upon vesting and issuance, subject to the restrictions provided under the terms of the plan under which they were issued and/or the option agreements entered into with option holders.

There can be no assurance that we will continue to declare cash dividends or declare them in any particular amounts.

Notwithstanding that we recently adopted a cash dividend policy, and have declared our first interim cash dividend of \$0.07 per share, payable on December 30, 2010 to shareholders of record at the close of business (5:00 p.m.), Eastern time, on December 15, 2010, there can be no assurance that we will declare cash dividends in

the future or in any particular amounts. The actual declaration and payment of any future dividend is subject to the approval of our board of directors and our dividend policy could change at any time. The payment of cash dividends is restricted under the terms of our senior credit agreement, applicable law and our corporate structure. Pursuant to Singapore law and our articles of association, no dividends may be paid except out of our profits. Also, because we are a holding company, our ability to pay cash dividends on our ordinary shares may be limited by restrictions on our ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the terms of our credit agreement. In addition to these constraints, the payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as our earnings levels, capital requirements, contractual restrictions, cash position and overall financial condition and any other factors deemed relevant by our board of directors.

Furthermore, any such dividend, if declared, may be an interim dividend, under Singapore law, which is wholly provisional and may be revoked by our board of directors at any time prior to the payment thereof.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, listing requirements of The Nasdaq Global Select Market and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increases demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations. We may need to hire more employees in the future, which will increase our costs and expenses. Furthermore, as we grow our business or acquire new businesses, our internal controls will become more complex and we may require significantly more resources to ensure our internal controls overall remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Being a public company makes it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on committees of our board of directors, and qualified executive officers.

Singapore corporate law may impede a takeover of our company by a third-party, which could adversely affect the value of our ordinary shares.

The Singapore Code on Take-overs and Mergers contains provisions that may delay, deter or prevent a future takeover or change in control of our company for so long as we remain a public company with more than 50 shareholders and net tangible assets of S\$5 million or more. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on their own or together with parties acting in concert with such person, in 30% or more of our voting shares, or, if such person holds, either on their own or together with parties acting in concert with such person, between 30% and 50% (both inclusive) of our voting shares, and such person (or parties acting in concert with such person) acquires additional voting shares representing more than 1% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a mandatory takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers. While the Singapore Code on Take-overs and Mergers seeks to ensure equality of treatment among shareholders, its provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our company. These legal requirements may impede or delay a takeover of our company by a third-party, which could adversely affect the value of our ordinary shares.

Our actual operating results may differ significantly from our guidance.

From time to time, we release guidance regarding our future performance that represents our management's estimates as of the date of release. This guidance, which consists of forward-looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in the release. Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto.

Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data diminishes the farther in the future that the data is forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it.

Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this Annual Report on Form 10-K could result in the actual operating results being different than the guidance, and such differences may be adverse and material.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in Yishun, Singapore, and the headquarters for our U.S. subsidiaries is located in San Jose, California. We conduct our administration, manufacturing, research and development and sales and marketing in both owned and leased facilities. We believe that our owned and leased facilities are adequate for our present operations. The following is a list of our principal facilities and their primary functions.

Site	Major Activity	Owned/Leased	Square Footage	Lease Expiration
Yishun, Singapore	Administration, Manufacturing, Research and Development and Sales and Marketing	Leased	116,500	November 2015
Depot Road, Singapore	Manufacturing	Leased	50,000	October 2015
Senoko, Singapore	Manufacturing	Leased	72,000	September 2029
Seoul, Korea	Research and Development and Sales and Marketing	Leased	53,000	October 2015
		Leased	19,000	October 2012
Penang, Malaysia	Manufacturing, Research and Development, and Administration	Owned—Building	318,000	June 2045
		Leased—Land		
San Jose, CA, United States	Administration, Research and Development and Sales and Marketing	Leased	148,000	November 2015
Fort Collins, CO, United States	Manufacturing and Research and Development	Owned	833,000	
Boeblingen, Germany	Administration, Research and Development and Sales and Marketing	Leased	19,000	April 2012
Regensburg, Germany	Manufacturing, Research and Development and Marketing	Leased	8,590	June 2013
Samorin, Slovakia	Manufacturing	Leased	31,000	March 2018
Turin, Italy	Manufacturing and Research and Development	Leased	10,500	April 2012
		Leased	22,000	June 2017

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in litigation that we believe is of the type common to companies engaged in our line of business, including commercial disputes and employment issues. As of the date of this filing, we are not involved in any pending legal proceedings that we believe would likely have a material adverse effect on our financial condition, results of operations or cash flows. However, certain pending disputes involve claims by third parties that our activities infringe their patent, copyright, trademark or other intellectual property rights. These claims generally involve the demand by a third-party that we cease the manufacture, use or sale of the allegedly infringing products, processes or technologies and/or pay substantial damages or royalties for past, present and future use of the allegedly infringing intellectual property. For example, on July 23, 2009, TriQuint Semiconductor, Inc. filed a complaint against us and certain of our subsidiaries in the U.S. District Court, District of Arizona seeking declaratory judgment that four of our patents relating to RF filter technology used in our wireless products are invalid and, if valid, that TriQuint's products do not infringe any of those patents. TriQuint has subsequently withdrew those claims with respect to three of those four patents. In addition, TriQuint claims that certain of our wireless products infringe three of its patents. TriQuint is seeking damages in an unspecified amount, treble damages for alleged willful infringement, attorneys fees and injunctive relief. We filed our answer and initial counterclaim on September 17, 2009, denying infringement, asserting the invalidity of TriQuint's patents and asserting infringement by TriQuint of ten Avago patents and filed additional counterclaims on March 25, 2010 for the misappropriation of Avago trade secrets. On October 16, 2009, TriQuint filed its answer to our initial counterclaim, denying infringement and filed an antitrust counterclaim and counterclaims for declaratory judgment of non infringement and invalidity. While the court dismissed TriQuint's antitrust counterclaims on procedural grounds on March 16, 2010, TriQuint has since filed a motion to file an amended pleading for its anti-trust claims, which was granted on August 3, 2010. We intend to defend this lawsuit vigorously, and future actions may include the assertion by us of additional claims or counterclaims against TriQuint related to our intellectual property portfolio.

In addition, on February 8, 2010, PixArt Imaging Inc. filed an action against us in the U.S District Court, Northern District of California seeking a determination of whether PixArt is licensed to use our portfolio of patents for optical finger navigation products pursuant to an existing cross-license agreement between us and PixArt, which license is limited to optical mouse and optical mouse trackball products. We did not license to PixArt our patents for optical finger navigation products. We intend to defend this action vigorously and to seek to have the scope of the cross-license agreement properly construed by the court as excluding such products. We also filed a counterclaim against PixArt on March 31, 2010, asserting that PixArt has breached the terms of the cross-license agreement between the parties. We are seeking a determination that PixArt is not licensed to use our portfolio of patents for optical finger navigation products, damages in an unspecified amount, termination for breach, or rescission, of the license agreement and attorneys fees.

On March 15, 2010 we filed a patent infringement action against ST Microelectronics NV in the Eastern District of Texas for infringement of four of our patents related to optical navigation devices. We amended the complaint on July 6, 2010 adding infringement of a fifth optical navigation related patent to the action. We are seeking injunctive relief, damages in an unspecified amount, treble damages for willful infringement and attorneys fees. In response, ST Microelectronics filed a patent infringement action against us in the Northern District of Texas alleging that our sales of certain optical navigation devices infringed two ST Microelectronics' patents. ST Microelectronics is seeking injunctive relief and damages in an unspecified amount. ST Microelectronics filed a second suit against us on November 5, 2010 in the Northern District of California alleging certain anticompetitive actions by us in the optical navigation sensor market. ST Microelectronics is seeking injunctive and compensatory relief under the Sherman Act and the Clayton Act and attorneys fees. We have not yet filed our response. We intend to defend these lawsuits vigorously, and future actions may include the assertion by us of additional claims or counterclaims against ST Microelectronics related to our intellectual property portfolio.

Claims that our products or processes infringe or misappropriate any third-party intellectual property rights (including claims arising through our contractual indemnification of our customers) often involve highly complex, technical issues, the outcome of which is inherently uncertain. Moreover, from time to time we pursue litigation to assert our intellectual property rights. Regardless of the merit or resolution of any such litigation, complex intellectual property litigation is generally costly and diverts the efforts and attention of our management and technical personnel.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**Market Information**

Our ordinary shares have been listed on The Nasdaq Global Select Market under the symbol "AVGO" since our IPO on August 6, 2009. Prior to that date, there was no public market for our ordinary shares. The following table sets forth, for the periods indicated, the high and low sales prices of our ordinary shares as reported by The Nasdaq Global Select Market:

	Market Prices	
	High	Low
Fiscal Year ended November 1, 2009		
Fourth Quarter (Beginning August 6, 2009, ended November 1, 2009))	\$19.00	\$14.72
Fiscal Year ended October 31, 2010		
First Quarter (ended January 31, 2010)	\$19.55	\$14.33
Second Quarter (ended May 2, 2010)	\$22.88	\$16.50
Third Quarter (ended August 1, 2010)	\$23.69	\$18.38
Fourth Quarter (ended October 31, 2010)	\$24.95	\$18.41

Holders

As of December 10, 2010, there were 14 holders of record of our ordinary shares. A substantially greater number of shareholders are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividends

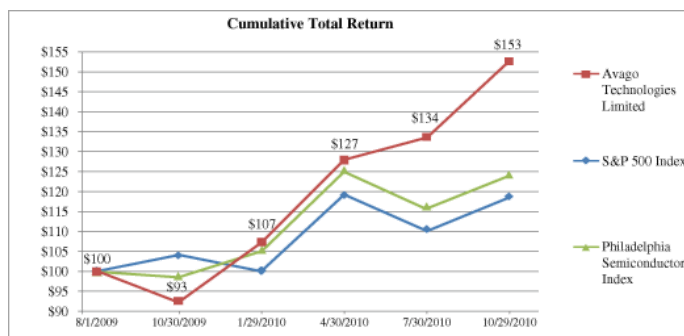
We recently declared our first interim cash dividend of \$0.07 per share payable on December 30, 2010 to shareholders of record at the close of business (5:00 p.m.), Eastern Time, on December 15, 2010.

The board of directors reviews our dividend policy regularly and the declaration and payment of future dividends is subject to the board's continuing determination that they are in the best interests of the Company's future dividend payments will also depend upon such factors as our earnings level, capital requirements, contractual restrictions, cash position, overall financial condition and any other factors deemed relevant by our board of directors.

The payment of cash dividends on our ordinary shares is restricted under the terms of our senior credit agreement, applicable law and our corporate structure. Pursuant to Singapore law and our articles of association, no dividends may be paid except out of our profits. Also, because we are a holding company, our ability to pay cash dividends on our ordinary shares may be limited by restrictions on our ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the terms of our senior credit agreement.

Share Performance Graph

The following graph shows a comparison of cumulative total return for the Company’s ordinary shares, the Standard & Poor’s 500 Stock Index, or S&P 500 Index, and the Philadelphia Semiconductor Index. The graph covers the period from August 6, 2009 (the first trading day of our ordinary shares on the Nasdaq Global Select Market) to October 29, 2010, the last trading day of our 2010 fiscal year. While the initial public offering price of our ordinary shares was \$15.00 per share, the graph assumes the initial value of our ordinary shares on August 6, 2009 was the closing sales price of \$16.18 per share. The graph and table assume that \$100 was invested on August 6, 2009 in each of Avago Technologies Limited ordinary shares, the S&P 500 Index and the Philadelphia Semiconductor Index and that all dividends were reinvested (in the case of data for the S&P 500 Index and the Philadelphia Semiconductor Index).



	8/6/2009	10/30/2009	1/29/2010	4/30/2010	7/30/2010	10/29/2010
Avago Technologies Limited	\$100	\$ 93	\$107	\$127	\$134	\$153
S&P 500 Index	100	104	108	119	110	119
Philadelphia Semiconductor Index	100	99	105	125	116	124

The share price performance included in the graph above is not necessarily indicative of future share price performance.

Note: The graph and the table above shall not be deemed “filed” with the SEC for the purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by us with the SEC, regardless of any general incorporation language in such filing.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item regarding securities authorized for issuance under equity compensation plans is incorporated herein by reference to the definitive Proxy Statement for our 2011 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended October 31, 2010.

ITEM 6. SELECTED FINANCIAL DATA

You should read the following selected financial data together with the information included under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The selected statements of operations data for the years ended November 2, 2008, November 1, 2009 and October 31, 2010 and the selected balance sheet data as of November 1, 2009 and October 31, 2010 have been derived from audited historical financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The selected statements of operations data for the one month ended November 30, 2005, the years ended October 31, 2006 and October 31, 2007 and the selected balance sheet data as of October 31, 2006, October 31, 2007 and November 2, 2008 have been derived from audited historical financial statements and related notes not included in this Annual Report on Form 10-K. The historical financial data may not be indicative of our future performance and does not reflect what our financial position and results of operations would have been if we had operated as a fully stand-alone entity during all of the periods presented. We adopted a 52-or 53-week fiscal year beginning with our fiscal year 2008. Our fiscal year ends on the Sunday closest to October 31.

Summary of 5 Year Selected Financial Data

	Predecessor(1) One Month Ended November 30, 2005	Company Year Ended				
		October 31, 2006(2)	October 31, 2007 (In millions)	November 2, 2008	November 1, 2009	October 31, 2010
Statement of Operations Data:						
Net revenue	\$ 114	\$ 1,399	\$ 1,527	\$ 1,699	\$ 1,484	\$ 2,093
Cost of products sold:						
Cost of products sold	87	926	936	981	855	1,068
Amortization of intangible assets	—	55	60	57	58	58
Asset impairment charges(3)	—	—	140	—	—	—
Restructuring charges(4)	—	2	29	6	11	1
Total cost of products sold	87	983	1,165	1,044	924	1,127
Gross margin	27	416	362	655	560	966
Research and development	22	187	205	265	245	280
Selling, general and administrative	27	243	193	196	165	196
Amortization of intangible assets	—	56	28	28	21	21
Asset impairment charges(3)	—	—	18	—	—	—
Restructuring charges(4)	1	3	22	6	23	3
Advisory agreement termination fee(5)	—	—	—	—	54	—
Selling shareholder expenses(5)	—	—	—	—	4	—
Litigation settlement(6)	—	21	—	—	—	—
Acquired in-process research and development	—	—	1	—	—	—
Total operating expenses	50	510	467	495	512	500
Income (loss) from operations(7)(8)	(23)	(94)	(105)	160	48	466
Interest expense(9)	—	(143)	(109)	(86)	(77)	(34)
Loss on extinguishment of debt	—	—	(12)	(10)	(8)	(24)
Other income (expense), net	—	12	14	(4)	1	(2)
Income (loss) from continuing operations before taxes	(23)	(225)	(212)	60	(36)	406
Provision for (benefit from) income taxes(10)	2	3	8	3	8	(9)
Income (loss) from continuing operations	(25)	(228)	(220)	57	(44)	415
Income from and gain on discontinued operations, net of income taxes(11)	1	1	61	26	—	—
Net income (loss)	\$ (24)	\$ (227)	\$ (159)	\$ 83	\$ (44)	\$ 415

Predecessor(1) One Month Ended November 30, 2005	Company Year Ended				
	October 31, 2006(2)	October 31, 2007	November 2, 2008	November 1, 2009	October 31, 2010
	(In millions)				
Balance Sheet Data (at end of period):					
Cash and cash equivalents	\$ 272	\$ 309	\$ 213	\$ 472	\$ 561
Total assets	2,217	1,951	1,871	1,970	2,157
Long-term debt and capital lease obligations	1,004	907	708	233	4
Total shareholders' equity	842	693	780	1,040	1,505
Other Financial Data:					
Ratio of earnings to fixed charges(12)	—	—	1.7	—	11.7

- (1) Predecessor refers to SPG, business segment of Agilent Technologies, Inc, or Agilent.
- (2) We completed the SPG Acquisition on December 1, 2005. The SPG Acquisition was accounted for as a purchase business combination under GAAP and thus the financial results for all periods from and after December 1, 2005 are not necessarily comparable to the prior results of Predecessor. We did not have any significant operating activity prior to December 1, 2005. Accordingly, our results for the year ended October 31, 2006 represent only the eleven months of our operations after the completion of the SPG Acquisition.
- (3) During the year ended October 31, 2007, we recorded a \$158 million write-down of certain long-lived assets following a review of the recoverability of the carrying value of certain manufacturing facilities, of which \$18 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold.
- (4) Our restructuring charges predominantly represent one-time employee termination benefits. We incurred total restructuring charges of \$5 million during the year ended October 31, 2006 (\$6 million on a combined basis including the one month period ended November 30, 2005) related to our effort to rationalize our product lines. During the year ended October 31, 2007, we incurred restructuring charges of \$51 million, of which \$22 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold. During the year ended November 2, 2008, we incurred restructuring charges of \$12 million, of which \$6 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold. During year ended November 1, 2009, we incurred restructuring charges of \$34 million, of which \$23 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold. During year ended October 31, 2010, we incurred restructuring charges of \$4 million, of which \$3 million was recorded as part of operating expenses and the remainder was recorded as part of cost of products sold.
- (5) The advisory agreement was terminated pursuant to its terms upon completion of our IPO, for a termination fee of \$54 million, during the quarter ended November 1, 2009 and no further payments will be made thereunder. We also recorded \$4 million in selling shareholder expenses, in connection with the IPO, on behalf of the Sponsors and other selling shareholders.
- (6) In November 2006, we agreed to settle a trade secret lawsuit filed by Sputtered Films Inc., a subsidiary of Tegal Corporation, against Agilent, Advanced Modular Sputtering Inc. and our company. We assumed responsibility for this litigation in connection with the SPG Acquisition and accrued this liability in the fourth quarter of fiscal year 2006.
- (7) Includes share-based compensation expense recorded by Predecessor of \$4 million for the one month ended November 30, 2005, and for the Company, \$3 million for the year ended October 31, 2006, \$12 million for the year ended October 31, 2007, \$15 million for the year ended November 2, 2008 and \$12 million for the year ended November 1, 2009 and \$25 million for the year ended October 31, 2010.
- (8) Includes expense recorded in connection with the advisory agreement with our Sponsors of \$5 million for the year ended October 31, 2006, \$5 million for the year ended October 31, 2007, \$6 million for the year ended November 2, 2008, and \$4 million for the year ended November 1, 2009.

- (9) Interest expense for the year ended October 31, 2006 includes an aggregate of \$30 million of amortization of debt issuance costs and commitment fees for expired credit facilities, including \$19 million of unamortized debt issuance costs that were written off in conjunction with the repayment of our term loan facility during this period. As of October 31, 2006, we had permanently repaid all outstanding amounts under our term loan facility.
- (10) In fiscal year 2010, we recorded an income tax benefit totaling \$9 million. The income tax benefit is associated with the release of \$29 million of deferred tax asset valuation allowances, mainly associated with the Company irrevocably calling our senior subordinated notes for redemption in October 2010, partially offset by the write-off of \$6 million of deferred tax assets resulting from the grant of Malaysia tax incentive status, and an increase in overall tax provision due to an increase in worldwide taxable income.
- (11) In October 2005, we sold our Storage Business to PMC-Sierra Inc. This transaction closed on February 28, 2006, resulting in \$420 million of net cash proceeds. No gain or loss was recorded on the sale.
- In February 2006, we sold our Printer ASICs Business to Marvell Technology Group Ltd. for \$245 million in cash. Our agreement with Marvell also provides for up to \$35 million in additional earn-out payments by Marvell to us based solely on the achievement by Marvell of certain revenue targets in respect of the acquired business subsequent to the acquisition. This transaction closed on May 1, 2006 and no gain or loss was recorded on the initial sale. In April 2007, we received \$10 million of the earn-out payment from Marvell and recorded it as a gain on discontinued operations. In May 2008, we received \$25 million of the earn-out payment from Marvell and recorded it as a gain on discontinued operations. In November 2006, we sold our Image Sensor operations to Micron Technology, Inc. for \$53 million. Our agreement with Micron also provides for up to \$17 million in additional earn-out payments by Micron to us upon the achievement of certain milestones. This transaction closed on December 8, 2006, resulting in \$57 million of net proceeds, including \$4 million of earn-out payments during the year ended October 31, 2007. In addition to this transaction, we also sold intellectual property rights related to the Image Sensor operations to another party for \$12 million. We recorded a gain on discontinued operations of approximately \$50 million for both of these transactions.
- In October 2007, we sold our Infra-red operations to Lite-On Technology Corporation for \$19 million in cash and the right to receive guaranteed cost reductions or rebates based on our future purchases of non infra-red products from Lite-On. We recorded an overall loss from disposal of Infra-red operations of \$5 million for fiscal year 2008.
- (12) For purposes of computing this ratio of earnings to fixed charges, “fixed charges” consist of interest expense on all indebtedness plus amortization of debt issuance costs and an estimate of interest expense within rental expense. “Earnings” consist of pre-tax income (loss) from continuing operations plus fixed charges. Earnings were insufficient to cover fixed charges by \$23 million, \$225 million, \$212 million and \$36 million for the one month ended November 30, 2005, the years ended October 31, 2006, October 31, 2007 and November 1, 2009, respectively.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with “Selected Financial Data” and our consolidated financial statements and notes thereto which appear elsewhere in this Annual Report on Form 10-K. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the caption “Risk Factors” or in other parts of this Annual Report on Form 10-K.

Overview

We are a leading designer, developer and global supplier of a broad range of analog semiconductor devices with a focus on III-V based products. We differentiate ourselves through our high performance design and integration capabilities. III-V semiconductor materials have higher electrical conductivity, enabling faster speeds and tend to have better performance characteristics than conventional silicon in applications such as RF and

optoelectronics. Our product portfolio is extensive and includes over 6,500 products that we sell into four primary target markets: wireless communications, wired infrastructure, industrial and automotive electronics, and consumer and computing peripherals. Applications for our products in these target markets include cellular phones, consumer appliances, data networking and telecommunications equipment, enterprise storage and servers, renewable energy and smart power grid applications, factory automation, displays, optical mice and printers.

We have a nearly 50-year history of innovation dating back to our origins within Hewlett-Packard Company. Over the years, we have assembled a large team of analog design engineers, and we maintain design and product development engineering resources around the world. Our locations include two design centers in the United States, five in Asia and four in Europe. We have developed an extensive portfolio of intellectual property that currently includes more than 5,000 U.S. and foreign patents and patent applications. Our history and market position enable us to strategically focus our research and development resources to address attractive target markets. We leverage our significant intellectual property portfolio to integrate multiple technologies and create component solutions that target growth opportunities. We design products that deliver high-performance and provide mission-critical functionality. In particular, we were a pioneer in commercializing vertical-cavity surface emitting laser, or VCSEL, fiber optic products and our VCSEL-based products have been widely adopted throughout the wired infrastructure industry. In addition, we were among the first to deliver commercial film bulk acoustic resonator, or FBAR, filters for code division multiple access, or CDMA, technology and we believe we maintain a significant market share of PCS duplexers within the CDMA market. In addition, our FBAR filters offer technological advantages over competing filters in certain other radio bands, such as GPS and 3G. In optoelectronics, we are a market leader in submarkets such as optocouplers, fiber optic transceivers, optical finger navigation sensors found in mobile phones and optical computer mouse sensors.

We have a diversified and well-established customer base of approximately 40,000 end customers, located throughout the world, which we serve through our multi-channel sales and fulfillment system. We have established strong relationships with leading original equipment manufacturer, or OEM, customers across multiple target markets. Typically, our major customer relationships have been in place multiple years and we have supplied multiple products during that time period. Our close customer relationships have often been built as a result of years of collaborative product development which has enabled us to build our intellectual property portfolio and develop critical expertise regarding our customer's requirements, including substantial system level knowledge. This collaboration has provided us with key insights into our customers and has enabled us to be more efficient and productive and to better serve our target markets and customers. We distribute most of our products through our broad distribution network, and we are a significant supplier to two of the largest global electronic components distributors, Avnet, Inc. and Arrow Electronics, Inc. We also have a direct sales force focused on supporting large OEMs. For the year ended October 31, 2010, our top 10 customers, which included five distributors, collectively accounted for 55% of our net revenue.

We focus on maintaining an efficient global supply chain and a variable, low-cost operating model. Accordingly, we have outsourced a majority of our manufacturing operations utilizing third-party foundry and assembly and test capabilities, as well as most of our corporate infrastructure functions. We aim to minimize capital expenditures by focusing our internal manufacturing capacity on products utilizing our innovative materials and processes to protect our intellectual property and to develop the technology for manufacturing, while outsourcing standard complementary metal oxide semiconductor, or CMOS, processes. We also have over 35 years of operating history in Asia, where approximately 60% of our employees are located and where we produce and source the majority of our products. Our presence in Asia places us in close proximity to many of our customers' manufacturing facilities and at the center of worldwide electronics manufacturing.

Our business is impacted by general conditions of the semiconductor industry and seasonal demand patterns in our target markets. We believe that our focus on multiple target markets and geographies helps mitigate our exposure to volatility in any single target market.

Erosion of average selling prices of established products is typical of the semiconductor industry. Consistent with trends in the industry, we anticipate that average selling prices will continue to decline in the future. However, as part of our normal course of business, we plan to offset declining average selling prices with efforts to reduce manufacturing costs of existing products and the introduction of new and higher value-added products.

Historically, a relatively small number of customers have accounted for a significant portion of our net revenue. Sales to distributors accounted for 33% and 41% of our net revenue for the years ended November 1, 2009 and October 31, 2010, respectively. In the year ended November 1, 2009, our top 10 customers, which included four distributors, collectively accounted for 60% of our net revenue. No customer accounted for 10% or more of our net revenue during the fiscal year ended November 1, 2009. During the fiscal year ended October 31, 2010, our top 10 customers, which included five distributors, collectively accounted for 55% of our net revenue. No customer accounted for 10% or more of our net revenue during the fiscal year ended October 31, 2010. We expect to continue to experience significant customer concentration in future periods.

The demand for our products has been affected in the past, and is likely to continue to be affected in the future, by various factors, including the following:

- general economic and market conditions in the semiconductor industry and in our target markets;
- our ability to specify, develop or acquire, complete, introduce and market new products and technologies in a cost-effective and timely manner;
- the timing, rescheduling or cancellation of expected customer orders and our ability to manage inventory;
- the rate at which our present and future customers and end-users adopt our products and technologies in our target markets; and
- the qualification, availability and pricing of competing products and technologies and the resulting effects on sales and pricing of our products.

The recent economic downturn and financial crisis negatively affected our business during fiscal year 2009. Although the global economy improved during fiscal year 2010, current uncertainty in global economic conditions still poses potential risks to our business. For example, customers may defer purchases in response to tighter credit and negative financial news, which would in turn negatively affect product demand and our results of operations.

Net Revenue

Substantially all of our net revenue is derived from sales of semiconductor devices which our customers incorporate into electronic products. We serve four primary target markets: wireless communications, wired infrastructure, industrial and automotive electronics, and consumer and computing peripherals. We sell our products primarily through our direct sales force. We also use distributors for a portion of our business and recognize revenue upon delivery of product to the distributors. Such revenue is reduced for estimated returns and distributor allowances.

Costs and Expenses

Total cost of products sold. Cost of products sold consists primarily of the cost of semiconductor wafers and other materials, and the cost of assembly and test. Cost of products sold also includes personnel costs and overhead related to our manufacturing operations, including share-based compensation, and related occupancy, computer services and equipment costs, manufacturing quality, order fulfillment, warranty and inventory adjustments, including write-downs for inventory obsolescence, energy costs and other manufacturing expenses. Total cost of products sold also includes amortization of intangible assets and restructuring charges.

Although we outsource a significant portion of our manufacturing activities, we do retain some semiconductor fabrication and assembly and test facilities. If we are unable to utilize our owned fabrication and assembly and test facilities at a desired level, the fixed costs associated with these facilities will not be fully absorbed, resulting in higher average unit costs and lower gross margins.

Research and development. Research and development expense consists primarily of personnel costs for our engineers engaged in the design and development of our products and technologies, including share-based compensation. These expenses also include project material costs, third-party fees paid to consultants, prototype development expenses, allocated facilities costs and other corporate expenses and computer services costs related to supporting computer tools used in the engineering and design process.

Selling, general and administrative. Selling expense consists primarily of compensation and associated costs for sales and marketing personnel, including share-based compensation, sales commissions paid to our independent sales representatives, costs of advertising, trade shows, corporate marketing, promotion, travel related to our sales and marketing operations, related occupancy and equipment costs and other marketing costs. General and administrative expense consists primarily of compensation and associated costs for executive management, finance, human resources and other administrative personnel, outside professional fees, allocated facilities costs and other corporate expenses. In connection with our IPO, during the fourth fiscal quarter of 2009, we expensed \$54 million related to the termination of the advisory agreement with our Sponsors as well as approximately \$4 million of offering costs incurred in our IPO that relate to selling shareholders which were absorbed by us.

Amortization of intangible assets. In connection with acquisitions, we recorded intangible assets that are being amortized over their estimated useful lives of six months to 25 years. In connection with these acquisitions, we also recorded goodwill which is not being amortized.

Interest expense. Interest expense is associated with our borrowings incurred in connection with the SPG Acquisition. Our debt has been substantially reduced over the past four fiscal years, principally through net proceeds derived from the divestiture of our Storage and Printer ASICs Businesses as well as cash flows from operations, and through the use of the net proceeds from our IPO.

Gain (loss) on extinguishment of debt. In connection with the repurchase or redemption of our outstanding indebtedness, we incur a gain (loss) on the extinguishment of debt.

Other income (expense), net. Other income (expense), net includes interest income, currency gains (losses) on balance sheet remeasurement and other miscellaneous items.

Provision (benefit) for income taxes. We have structured our operations to maximize the benefit from various tax incentives and tax holidays extended to us in various jurisdictions to encourage investment or employment. For example, we have obtained several tax incentives from the Singapore Economic Development Board, an agency of the Government of Singapore, which provide that certain classes of income we earn in Singapore are subject to tax holidays or reduced rates of Singapore income tax. Each such tax incentive is separate and distinct from the others, and may be granted, withheld, extended, modified, truncated, complied with or terminated independently without any effect on the other incentives. In order to retain these tax benefits in Singapore, we must meet certain operating conditions specific to each incentive relating to, among other things, maintenance of a treasury function, a corporate headquarters function, specified intellectual property activities and specified manufacturing activities in Singapore. Some of these operating conditions are subject to phase-in periods through 2015. The Singapore tax incentives are presently scheduled to expire at various dates generally between 2014 and 2025, subject in certain cases to potential extensions. Absent such tax incentives, the corporate income tax rate in Singapore that would otherwise apply to us would be 17% commencing from the 2010 year of assessment. For the fiscal years ended November 2, 2008, November 1, 2009 and October 31, 2010, the effect of all these tax incentives, in the aggregate, was to reduce the overall provision for income taxes from what it otherwise would have been in such year by approximately \$24 million, \$17 million and \$63 million, respectively. The tax incentives that we have negotiated in other jurisdictions are also subject to our compliance with various operating and other conditions. If we cannot or elect not to comply with the operating conditions included in any particular tax incentive, we will lose the related tax benefits and could be required to refund material tax benefits previously realized by us with respect to that incentive and, depending on the incentive at issue, could likely be required to modify our operational structure and tax strategy. Any such modified structure may not be as beneficial to us from an income tax expense or operational perspective as the benefits provided under the present tax concession arrangements. As a result of the tax incentives and tax holidays, if we continue to comply with the operating conditions, we expect the income from our operations to be subject to relatively lower income taxes than would otherwise be the case under ordinary income tax rules.

Our interpretations and conclusions regarding the tax incentives are not binding on any taxing authority, and if our assumptions about tax and other laws are incorrect or if these tax incentives are substantially modified or rescinded we could suffer material adverse tax and other financial consequences, which would increase our expenses, reduce our profitability and adversely affect our cash flows. In addition, taxable income in any jurisdiction is dependent upon acceptance of our operational practices and intercompany transfer pricing by local tax authorities as being on an arm's length basis. Due to inconsistencies in application of the arm's length standard

among taxing authorities, as well as lack of adequate treaty-based protection, transfer pricing challenges by tax authorities could, if successful, substantially increase our income tax expense.

Going forward, our effective tax rate will vary based on a variety of factors, including overall profitability, the geographical mix of income before taxes and the related tax rates in the jurisdictions where we operate, as well as discrete events, such as settlements of future audits. In particular, we may owe significant taxes in jurisdictions outside Singapore during periods when we are profitable in those jurisdictions even though we may be experiencing low operating profit or operating losses on a consolidated basis, potentially resulting in significant tax liabilities on a consolidated basis during those periods. Conversely, we expect to realize more favorable effective tax rates as our profitability increases. Our historical income tax provisions are not necessarily reflective of our future results of operations.

History

SPG Acquisition

On December 1, 2005, we completed the acquisition of the Semiconductor Products Group of Agilent for approximately \$2.7 billion. The SPG Acquisition was accounted for by the purchase method of accounting for business combinations and, accordingly, the purchase price was allocated to the net assets acquired based on their estimated fair values. Among other things, the purchase accounting adjustments increased the carrying value of our inventory and property, plant and equipment, and established intangible assets for our developed technology, customer and distributorship relationships, order backlog, and in-process research and development, or IPRD. As a result of the SPG Acquisition and related borrowings, interest expense and non-cash depreciation and amortization charges have significantly increased.

Acquisitions

In fiscal years 2008, 2009 and 2010 we completed five acquisitions for aggregate cash consideration of \$91 million:

- During the first quarter of fiscal year 2008, we completed the acquisition of a privately-held manufacturer of motion control encoders for \$29 million (net of cash acquired of \$2 million) plus \$9 million repayment of existing debt.
- During the second quarter of fiscal year 2008, we completed the acquisition of a privately-held developer of low-power wireless devices for \$6 million, plus potential earn-out payments.
- During the fourth quarter of fiscal year 2008, we completed the acquisition of the Bulk Acoustic Wave Filter business of Infineon Technologies AG for \$32 million in cash.
- During the second quarter of fiscal year 2009, we completed the acquisition of a manufacturer of motion control encoders for \$7 million in cash.
- During the third quarter of fiscal year 2010, we completed the acquisition of a manufacturer of motion control encoders for \$8 million in cash.

The accompanying consolidated financial statements include the results of operations of the acquired companies and businesses commencing on their respective acquisition dates. See Note 3. "Acquisitions and Investments," in the Consolidated Financial Statements for information related to these acquisitions.

Restructuring Charges

In fiscal year 2007, we began to increase the use of outsourced service providers in our manufacturing operations, particularly our assembly and test operations, to lower our costs and reduce the capital deployed in these activities. In connection with this strategy, we introduced a largely voluntary severance program intended to reduce our workforce and resulting in an approximately 40% decline in our headcount during fiscal year 2007, primarily in our major locations in Asia. Consequently, during the year ended November 2, 2008, we incurred total restructuring charges of \$12 million, predominantly representing one-time employee termination costs.

In the first quarter of fiscal year 2009, we initiated a restructuring plan intended to realign our cost structure with the then prevailing macroeconomic business conditions. This plan eliminated approximately 230 positions or 6% of our global workforce and was substantially completed in fiscal year 2009. In the third quarter of fiscal year 2009, we announced a further reduction in our worldwide workforce of up to 200 employees. This plan was completed in the fourth quarter of fiscal year 2009. During the year ended November 1, 2009, we recorded restructuring charges of \$26 million in connection with both of these plans, predominantly representing one-time employee termination costs.

In fiscal year 2009, we also committed to a plan to outsource certain of our manufacturing in Germany. During the year ended November 1, 2009, we recorded \$5 million of one-time employee termination costs, \$1 million related to asset abandonment and other exit costs and approximately \$1 million related to excess lease costs in connection with this plan.

During fiscal year 2009, we recorded and paid \$1 million of one-time employee termination costs and recognized \$2 million as share-based compensation expense in connection with the departure of our former Chief Operating Officer in January 2009.

As part of our efforts to continue to realign our cost structure, we incurred approximately \$3 million of one-time employee termination costs and \$1 million of excess lease costs during fiscal year 2010.

See Note 10. "Restructuring Charges" to the Consolidated Financial Statements for further information.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by us may differ materially and adversely from our estimates. Our critical accounting policies are those that affect our historical financial statements materially and involve difficult, subjective or complex judgments by management. Those policies include revenue recognition, valuation of long-lived assets, intangible assets and goodwill, inventory valuation and warranty reserves and accounting for income taxes.

Revenue recognition. We recognize revenue, net of sales returns and allowances, provided that (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the price is fixed or determinable and (iv) collectibility is reasonably assured. Delivery is considered to have occurred when title and risk of loss have transferred to the customer. We consider the price to be fixed or determinable when the price is not subject to refund or adjustments or when any such adjustments are accounted for. We evaluate the creditworthiness of our customers to determine that appropriate credit limits are established prior to the acceptance of an order. Revenue, including sales to resellers and distributors, is reduced for estimated returns and distributor allowances. We recognize revenue from sales of our products to distributors upon delivery of product to the distributors. An allowance for distributor credits covering price adjustments and scrap allowances is made based on our estimate of historical experience rates as well as considering economic conditions and contractual terms. To date, actual distributor claims activity has been materially consistent with the provisions we have made based on our historical estimates. However, because of the inherent nature of estimates, there is always a risk that there could be significant differences between actual amounts and our estimates. Different judgments or estimates could result in variances that might be significant to reported operating results.

Valuation of long-lived assets, intangible assets and goodwill. We assess the impairment of long-lived assets, intangible assets and goodwill whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Factors we consider important which could trigger an impairment review of our long-lived and intangible assets include significant underperformance relative to historical or projected future operating results, significant changes in the manner of our use of the acquired assets or the strategy for our overall business,

and significant negative industry or economic trends. An impairment loss must be measured if the sum of the expected future cash flows (undiscounted and before interest) from the use of the asset is less than the net book value of the asset. The amount of the impairment loss will generally be measured as the difference between the net book values of the asset (or asset group) and its (their) estimated fair value.

We perform an annual impairment review of our goodwill during the fourth fiscal quarter of each year, and more frequently if we believe indicators of impairment exist and we follow the two-step approach in performing the impairment test in accordance with ASC 350 "Intangibles — Goodwill and Other." The first step of the goodwill impairment test compares the estimated fair value of the reporting unit with the related carrying amount. If the fair value of the reporting unit exceeds its carrying amount, the reporting unit's goodwill is not considered to be impaired and the second step of the impairment test is unnecessary. If the reporting unit's carrying amount exceeds its estimated fair value, the second step of the test must be performed to measure the amount of the goodwill impairment loss, if any. The second step of the test compares the implied fair value of the reporting unit's goodwill, determined in the same manner as the amount of goodwill recognized in a business combination, with the carrying amount of such goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value, an impairment loss is recognized in an amount equal to that excess. The process of evaluating the potential impairment of goodwill is highly subjective and requires significant judgment. We have one reporting unit for goodwill impairment testing purposes which is based on the manner in which we operate our business and the nature of those operations, including consideration of how the Chief Operating Decision Maker, as defined in ASC 280 "Segment Reporting", manages the business as a whole. We operate as one semiconductor company with sales of semiconductors representing the only material source of revenue. Substantially all products offered incorporate analog functionality and are manufactured under similar manufacturing processes.

For fiscal year 2010, we used the quoted market price of our ordinary shares to determine the fair value of our reporting unit, which is the Company as a whole. No impairment of goodwill was identified based on the annual impairment review during the fourth quarter of fiscal year 2010. A 10% decline in the ordinary share quoted market prices would not impact the result of our goodwill impairment assessment.

The process of evaluating the potential impairment of long-lived assets under ASC 360 "Property, Plant and Equipment," such as our property, plant and equipment and other intangible assets is also highly subjective and requires significant judgment. In order to estimate the fair value of long-lived assets, we typically make various assumptions about the future prospects about our business or the part of our business that the long-lived asset relates to, consider market factors specific to the business and estimate future cash flows to be generated by the business, which requires significant judgment as it is based on assumptions about market demand for our products over a number of future years. Based on these assumptions and estimates, we determine whether we need to take an impairment charge to reduce the value of the long-lived asset stated on our balance sheet to reflect its estimated fair value. Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors such as the real estate market, industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, changes in assumptions and estimates could materially impact our reported financial results.

Inventory valuation and warranty reserves. We value our inventory at the lower of the actual cost of the inventory or the current estimated market value of the inventory, cost being determined under the first-in, first-out method. We regularly review inventory quantities on hand and record a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand and production requirements. Demand for our products can fluctuate significantly from period to period. A significant decrease in demand could result in an increase in the amount of excess inventory quantities on hand. In addition, our industry is characterized by rapid technological change, frequent new product development and rapid product obsolescence that could result in an increase in the amount of obsolete inventory quantities on hand. Additionally, our estimates of future product demand may prove to be inaccurate, which may cause us to understate or overstate both the provision required for excess and obsolete inventory and cost of products sold. Therefore, although we make every effort to ensure the accuracy of our forecasts of future product demand, any significant unanticipated changes in demand or technological developments could have a significant impact on the value of our inventory and our results of operations. We establish reserves for estimated product warranty costs at the time revenue is recognized. Although we engage in

extensive product quality programs and processes, our warranty obligation has been and may in the future be affected by product failure rates, product recalls, repair or field replacement costs and additional development costs incurred in correcting any product failure, as well as possible claims for consequential costs. Should actual product failure rates, use of materials or service delivery costs differ from our estimates, additional warranty reserves could be required. In that event, our gross profit and gross margins would be reduced.

Accounting for income taxes. We account for income taxes in accordance with ASC 740 "Income Taxes," or ASC 740. The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We record a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized. Significant management judgment is required in developing our provision for income taxes, including the determination of deferred tax assets and liabilities and any valuation allowances that might be required against the deferred tax assets. We have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for valuation allowances. If we determine, in the future, a valuation allowance is required, such adjustment to the deferred tax assets would increase tax expense in the period in which such determination is made. Conversely, if we determine, in the future, a valuation allowance exceeds our requirement, such adjustment to the deferred tax assets would decrease tax expense in the period in which such determination is made. In evaluating the exposure associated with various tax filing positions, we accrue an income tax liability when such positions do not meet the more-likely-than-not threshold for recognition.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax law and regulations in a multitude of jurisdictions. We recognize potential liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and interest will be due. If our estimate of income tax liabilities proves to be less than the ultimate assessment, a further charge to expense would be required. If events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary.

Total unrecognized tax benefits increased by \$6 million during fiscal year 2009, resulting in total unrecognized tax benefits of \$24 million as of November 1, 2009. The total unrecognized tax benefit increased to approximately \$27 million as of October 31, 2010.

We recognize interest and penalties related to unrecognized tax benefits within the provision for (benefit from) income taxes line in the consolidated statement of operations. Accrued interest and penalties are included within the other current liabilities and other long-term liabilities lines in the consolidated balance sheet. As of November 2, 2008, November 1, 2009 and October 31, 2010, the combined amount of cumulative accrued interest and penalties was approximately \$3 million, \$4 million and \$5 million, respectively.

Share-based compensation. We measure and recognize share-based compensation expense for all share-based payment awards issued to employees and directors in accordance with the authoritative guidance. Under the authoritative guidance, for option awards granted or modified after November 1, 2006, we recognize compensation expense based on estimated fair values on the date of grant, net of an estimated forfeiture rate. Compensation expense for share based awards granted after November 1, 2006, is recognized over the requisite service period of the award on a straight-line basis. Forfeiture rates used in the determination of compensation expense are revised in subsequent periods if actual forfeitures differ from estimates. Changes in the estimated forfeiture rates can have a significant effect on share-based compensation expense since the effect of adjusting the rate is recognized in the period the forfeiture estimate is changed.

For outstanding performance share-based awards granted before November 1, 2006 and not modified thereafter, we continue to account for any portion of such awards under the originally applied accounting principles. Performance-based awards granted before November 1, 2006 were subject to variable accounting until such options are modified, vested, forfeited or cancelled. Variable accounting requires us to value the variable options at the end of each accounting period based upon the then current fair value of the underlying ordinary

shares. Accordingly, our share-based compensation expense was subject to significant fluctuation based on changes in the fair value of our ordinary shares and our estimate of vesting probability of unvested performance-based options. However, subsequent to November 1, 2006, the Compensation Committee approved two modifications of all outstanding employee performance-based awards. As a result of the first modification in fiscal year 2008, all variable accounting on outstanding employee performance-based options ceased and instead, pursuant to the authoritative guidance, we recognized a combination of unamortized intrinsic value of these modified options and the incremental fair value of those options up until the date of the second modification in fiscal year 2009. In accordance with the authoritative guidance, at the second modification date, we measured the incremental fair value of unvested outstanding performance-based options, that is expected to be recognized over the remaining service period and are recognizing that amount on a straight-line basis over such expected service period.

For options granted or modified after November 1, 2006, we utilize the Black-Scholes option pricing model for determining the estimated fair value for share options. The Black-Scholes valuation calculation requires us to estimate key assumptions, such as future share price volatility, expected terms, risk-free rates and dividend yield. We also estimate potential forfeitures of share grants and adjust compensation cost recorded accordingly. The estimate of forfeitures is adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures are recognized through a cumulative catch-up adjustment in the period of change, and the amount of share-based compensation expense recognized in future periods is adjusted.

The weighted-average assumptions utilized for our Black-Scholes valuation model for options and employee share purchase rights granted during the fiscal years ended November 2, 2008, November 1, 2009 and October 31, 2010 are as follows:

	Year Ended			ESPP Year Ended October 31, 2010
	November 2, 2008	November 1, 2009	October 31, 2010	
Risk-free interest rate	3.4%	2.3%	1.9%	0.2%
Dividend yield	0%	0%	0%	0%
Volatility	44%	52%	45%	42%
Expected term (in years)	6.5	5.7	5.0	0.5

The dividend yield of zero is based on the fact that we had not declared any cash dividends as of the respective option grant date. Volatility is based on the combination of historical volatility of guideline publicly traded companies over the period commensurate with the expected term of the options and the implied volatility of guideline publicly traded companies from traded options with a term of 180 days or greater measured over the last three months. The risk-free interest rate is derived from the average U.S. Treasury Strips rate during the period, which approximates the rate in effect at the time of grant. For all options granted after August 2, 2009 and a portion of options granted before August 2, 2009, our computation of expected term was based on other data, such as the data of peer companies and company-specific attributes that we believe could affect employees' exercise behavior. For the majority of options granted prior to August 2, 2009, we used the simplified method as specified in the accounting guidance.

In fiscal year 2010, we began to grant restricted share units, or RSUs, which are restricted shares that are granted with the exercise price equal to zero and are converted to shares immediately upon vesting. We recognize compensation expense for RSUs using the straight-line amortization method based on the fair value of RSUs on the date of grant. The fair value of RSUs is the closing market price of our ordinary shares on the date of grant, which is equal to their intrinsic value on the date of grant.

We also record share-based compensation expense based on an estimate of the fair value of rights to purchase ordinary shares under the Avago Employee Share Purchase Plan, which was implemented in June 2010, and recognize this share-based compensation expense using the straight-line amortization method.

Fiscal Year Presentation

We adopted a 52- or 53-week fiscal year beginning with our fiscal year 2008. Our fiscal year ends on the Sunday closest to October 31.

The financial statements included in this Annual Report on Form 10-K are presented in accordance with GAAP and expressed in U.S. dollars.

Results from Continuing Operations

Year Ended October 31, 2010 Compared to Year Ended November 1, 2009

The following tables set forth our results of operations for the years ended October 31, 2010 and November 1, 2009.

	Year Ended			
	November 1, 2009	October 31, 2010	November 1, 2009	October 31, 2010
	(In millions)		(As a percentage of net revenue)	
Statement of Operations Data:				
Net revenue	\$ 1,484	\$ 2,093	100%	100%
Cost of products sold:				
Cost of products sold	855	1,068	58	51
Amortization of intangible assets	58	58	4	3
Restructuring charges	11	1	1	—
Total cost of products sold	924	1,127	63	54
Gross margin	560	966	37	46
Research and development	245	280	17	14
Selling, general and administrative	165	196	11	9
Amortization of intangible assets	21	21	1	1
Restructuring charges	23	3	1	—
Advisory agreement termination fee	54	—	4	—
Selling shareholder expenses	4	—	—	—
Total operating expenses	512	500	34	24
Income from operations	48	466	3	22
Interest expense	(77)	(34)	(5)	(2)
Loss on extinguishment of debt	(8)	(24)	(1)	(1)
Other income (expense), net	1	(2)	—	—
Income (loss) from operations before taxes	(36)	406	(3)	19
Provision for (benefit from) income taxes	8	(9)	—	(1)
Net income (loss)	(44)	415	(3)%	20%

During the year ended November 1, 2009, we recorded an accrual of \$4 million for indirect taxes on certain prior years' purchase and sale transactions. This accrual increased cost of products sold and research and development expenses for the year ended November 1, 2009 by \$2 million each and increased net loss for the year by \$4 million. We determined that the impact of the adjustment was not material to prior periods or to the results for the second quarter of fiscal year 2009, and as such the adjustment was recorded in the second quarter of fiscal year 2009 under ASC 270 "Interim Reporting."

Net revenue. Net revenue was \$2,093 million for the year ended October 31, 2010, compared to \$1,484 million for the year ended November 1, 2009, an increase of \$609 million or 41%. This year over year increase was due, in large part, to the improvement in global economic conditions that occurred during this period, but also due to our introduction of a number of new, proprietary products over the year, which helped us to grow net revenues substantially over the period.

Net revenue by target market data is derived from our understanding of our end customers' primary markets, and was as follows:

% of Net Revenue	Year Ended		Change
	November 1, 2009	October 31, 2010	
Wireless communications	42%	38%	(4)%
Industrial and automotive electronics	22	29	7
Wired infrastructure	26	24	(2)
Consumer and computing peripherals	10	9	(1)
Total net revenue	100%	100%	

Net Revenue	Year Ended		Change
	November 1, 2009	October 31, 2010 (In millions)	
Wireless communications	\$ 622	\$ 796	\$ 174
Industrial and automotive electronics	332	605	273
Wired infrastructure	384	509	125
Consumer and computing peripherals	146	183	37
Total net revenue	\$ 1,484	\$ 2,093	\$ 609

Net revenue from wireless communications products, in absolute dollars increased in fiscal year 2010 compared with fiscal year 2009. The growth of key platforms in next-generation smart phones at leading OEM customers, which incorporate many of our products such as FBAR filters, power amplifiers and PA-Duplexer front-end modules as well as optical finger navigation sensors, drove this revenue growth. Revenue from this target market decreased as a percentage of net revenue due to the disproportionate growth in revenues from the industrial and automotive electronics target market.

Net revenue from industrial and automotive electronics products, both in absolute dollars and as a percentage of net revenue, substantially increased in fiscal year 2010 compared with fiscal year 2009. The increase was in large part due to the effects of a recovery in market conditions from fiscal year 2009. The growth in this target market was broad based, with particular strength in sales of optocouplers, industrial fiber optic transceivers and motion encoders. We benefitted from increased spending on and new uses for our devices in applications such as inverters, servo machine tools and programmable logic controller/fieldbus industrial data communications systems used in power production and distribution, including renewable energy and smart power grid installations, factory automation and transportation applications, as well as gains in market share for a number of these products. We believe a substantial amount of the demand for these products was driven by spending on infrastructure in emerging economies.

Net revenue from wired infrastructure products, in absolute dollars, increased in fiscal year 2010 compared with fiscal year 2009, as spending on enterprise networking data centers and core routing improved and also due, in part, to gains in market share. Wired networking continued to benefit from increasing demand for data traffic, generating increased demand for fiber-optic based networking connections to replace copper-based connections and generating increased demand for higher speed SerDes communications links.

Net revenue from consumer and computing peripheral products, in absolute dollars, increased in fiscal year 2010 compared with fiscal year 2009, reflecting improved sales of optical sensors used in optical mice and improved sales of motion encoders used in applications such as optical disc drives and printers during fiscal year 2010. However, this target market continues to be adversely affected by ongoing weakness in consumer spending and we did not experience the usual seasonal benefits in our personal computer-related businesses in the fourth quarter of fiscal year 2010.

The categorization of revenue by target market is determined using a variety of data points including the technical characteristics of the product, the “sold to” customer information, the “ship to” customer information and the end customer product or application into which our product will be incorporated. As data systems for capturing and tracking this data evolve and improve, the categorization of products by target market can vary over time. When this occurs, we reclassify revenue by target market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each target market.

Gross margin. Gross margin was \$966 million for the year ended October 31, 2010 compared to \$560 million for the year ended November 1, 2009, an increase of \$406 million or 73%. As a percentage of net revenue, gross margin increased to 46% for the year ended October 31, 2010 from 37% for the year ended November 1, 2009. The increase in gross margin percentage was attributable to continuing improvements in product mix, as well as increased operating levels in our internal fabrication facilities. During the year ended October 31, 2010, compared to the year ended November 1, 2009, a higher proportion of our net revenues were from products sold into the industrial and automotive electronics target market and from sales of our proprietary products, which generally earn higher gross margins than our other products. During the year ended October 31, 2010, we recorded write-downs to inventories associated with reduced demand assumptions of \$15 million compared to \$23 million during the year ended November 1, 2009. We also recorded charges of \$12 million during the year ended October 31, 2010 for warranty costs compared to \$8 million in the year ended November 1, 2009. See Note 17. “Commitments and Contingencies” to the Consolidated Financial Statements.

Research and development. Research and development expense was \$280 million for the year ended October 31, 2010, compared to \$245 million for the year ended November 1, 2009, an increase of \$35 million or 14%. As a percentage of net revenue, research and development expenses decreased to 14% for the year ended October 31, 2010 from 17% for the year ended November 1, 2009. The increase in absolute dollars was primarily attributable to \$11 million increase in incentive compensation expense related to our employee bonus program, which is a variable expense related to our overall profitability, \$6 million increase in compensation expense resulting from annual salary adjustment, \$4 million increase in share-based compensation due to grants of share-based awards at higher fair market values and \$11 million in additional research and development project materials and supplies in fiscal year 2010 as compared to the year ended November 1, 2009. The decrease as a percentage of net revenue is attributable to higher net revenue in fiscal year 2010. We expect research and development expenses to increase in absolute dollars for the foreseeable future, due to the increasing complexity and number of products we plan to develop.

Selling, general and administrative. Selling, general and administrative expense was \$196 million for the year ended October 31, 2010 compared to \$165 million for the year ended November 1, 2009, an increase of \$31 million or 19%. As a percentage of net revenue, selling, general and administrative expense decreased to 9% for the year ended October 31, 2010 compared to 11% for the year ended November 1, 2009. The increase in absolute dollars was attributable to \$11 million increase in incentive compensation expense related to our employee bonus program which is a variable expense related to our overall profitability in fiscal year 2010 as compared to the year ended November 1, 2009, \$2 million increase in sales commissions expense paid to our sales employees, \$3 million increase in compensation expense resulting from annual salary adjustment, \$8 million increase in share-based compensation expense due to grants of share-based awards at higher fair market values, \$3 million increase in third party fees and \$4 million increase in computer and related services. The decrease as a percentage of net revenue was attributable to higher net revenue in fiscal year 2010.

Selling, general and administrative expenses for fiscal year 2009 does not include \$54 million that we recorded related to the termination of the advisory agreement with our Sponsors pursuant to its terms, upon the closing of the IPO, as well as approximately \$4 million of offering costs incurred in our IPO that relate to selling shareholders which were absorbed by us. The advisory agreement termination fees and the selling shareholder expenses are included as separate components of operating expenses in the consolidated statements of operations for fiscal year 2009.

Amortization of intangible assets. Total amortization of intangible assets incurred was \$79 million each, for the years ended October 31, 2010 and November 1, 2009.

Restructuring charges. During the year ended October 31, 2010, we incurred total restructuring charges of \$4 million, compared to \$34 million for the year ended November 1, 2009, both predominantly representing employee termination costs. We undertook significant restructuring activities in fiscal year 2009 in response to the then macroeconomic business conditions and some incremental restructuring activities in fiscal year 2010, which resulted in significantly higher restructuring charges in fiscal year 2009 compared to fiscal year 2010. See Note 10. "Restructuring Charges" to the Consolidated Financial Statements.

Interest expense. Interest expense was \$34 million for the year ended October 31, 2010, compared to \$77 million for the year ended November 1, 2009, which represents a decrease of \$43 million or 56%. The decrease is primarily due to the redemption and repurchases of \$364 million aggregate principal amount of our outstanding notes made in fiscal year 2010. Interest expense is expected to be significantly lower during fiscal year 2011, compared to fiscal year 2010, due to the redemption of the remaining \$230 million aggregate principal amount of our senior subordinated rate notes on December 1, 2010.

Gain (loss) on extinguishment of debt. During the year ended October 31, 2010, we redeemed \$318 million aggregate principal amount of our senior fixed rate notes and the remaining \$46 million aggregate principal amount of our senior floating rate notes. The redemption of the senior fixed rate notes and senior floating rate notes in fiscal year 2010 resulted in a loss on extinguishment of debt of \$24 million. During the year ended November 1, 2009, we repurchased an aggregate of \$106 million of debt, consisting of \$85 million in principal amount of senior fixed rate notes, \$17 million in principal amount of senior subordinated notes and \$4 million in principal amount of senior floating rate notes in a tender offer for all or a part of our outstanding notes, resulting in a loss on extinguishment of debt in fiscal year 2009 of \$9 million. We also repurchased \$3 million in principal amount of senior subordinated notes in the open market, resulting in a gain on extinguishment of debt of \$1 million during the year ended November 1, 2009. See Note 7. "Senior Credit Facility and Borrowings" to the Consolidated Financial Statements.

Other income (expense), net. Other income (expense), net includes interest income, foreign currency gain (loss), loss on other-than-temporary impairment of investment and other miscellaneous items. Other expense, net was \$2 million for the year ended October 31, 2010 compared to other income, net was \$1 million for the year ended November 1, 2009. The decrease is primarily attributable to a \$2 million decrease in government grants received and a \$1 million increase in currency losses during the year ended October 31, 2010 compared to the year ended November 1, 2009.

Provision for (benefit from) income taxes. We recorded an income tax benefit totaling \$9 million for the year ended October 31, 2010 compared to an income tax expense of \$8 million for the year ended November 1, 2009. The decrease is primarily attributable to the release of \$29 million of deferred tax asset valuation allowances, mainly associated with the Company irrevocably calling our senior subordinated notes for redemption in October 2010, partially offset by the write-off of \$6 million of deferred tax assets resulting from the grant of a new tax incentive in Malaysia, and an increase in overall tax provision due to an increase in worldwide taxable income.

Year Ended November 1, 2009 Compared to Year Ended November 2, 2008

The following tables set forth our results of operations for the years ended November 1, 2009 and November 2, 2008.

	Year Ended			
	November 2, 2008	November 1, 2009	November 2, 2008	November 1, 2009
	(In millions)		(As a percentage of net revenue)	
Statement of Operations Data:				
Net revenue	\$ 1,699	\$ 1,484	100%	100%
Cost of products sold:				
Cost of products sold	981	855	58	58
Amortization of intangible assets	57	58	3	4
Restructuring charges	6	11	—	1
Total cost of products sold	1,044	924	61	63
Gross margin	655	560	39	37
Research and development	265	245	16	17
Selling, general and administrative	196	165	12	11
Amortization of intangible assets	28	21	2	1
Restructuring charges	6	23	—	1
Advisory agreement termination fee	—	54	—	4
Selling shareholder expenses	—	4	—	—
Total operating expenses	495	512	30	34
Income from operations	160	48	9	3
Interest expense	(86)	(77)	(5)	(5)
Loss on extinguishment of debt	(10)	(8)	(1)	(1)
Other income (expense), net	(4)	1	—	—
Income (loss) from continuing operations before taxes	60	(36)	3	(3)
Provision for income taxes	3	8	—	—
Income (loss) from continuing operations	57	(44)	3	(3)
Income from and gain on discontinued operations, net of income taxes	26	—	2	—
Net income (loss)	\$ 83	\$ (44)	5%	(3)%

During the year ended November 1, 2009, we recorded an accrual of \$4 million for indirect taxes on certain prior years' purchase and sale transactions. This accrual increased cost of products sold and research and development expenses for the year ended November 1, 2009 by \$2 million each and increased net loss for the year by \$4 million. We determined that the impact of the adjustment was not material to prior periods or to the results for the second quarter of fiscal year 2009, and as such the adjustment was recorded in the second quarter of fiscal year 2009 under ASC 270 "Interim Reporting."

Net revenue. Net revenue was \$1,484 million for the year ended November 1, 2009, compared to \$1,699 million for the year ended November 2, 2008, a decrease of \$215 million or 13%. The global recession, continuing financial and credit crisis and deteriorating economic conditions resulted in more cautious customer spending and generally lower demand for our products, particularly in the first three quarters of fiscal year 2009.

Net revenue by target market data is derived from our understanding of our end customers' primary markets, and was as follows:

% of Net Revenue	Year Ended		Change
	November 2, 2008	November 1, 2009	
Wireless communications	31%	42%	11%
Wired infrastructure	28	26	(2)
Industrial and automotive electronics	30	22	(8)
Consumer and computing peripherals	11	10	(1)
Total net revenue	100%	100%	

Net Revenue	Year Ended		Change
	November 2, 2008	November 1, 2009	
	(In millions)		
Wireless communications	\$ 524	\$ 622	\$ 98
Wired infrastructure	470	384	(86)
Industrial and automotive electronics	513	332	(181)
Consumer and computing peripherals	192	146	(46)
Total net revenue	\$ 1,699	\$ 1,484	\$ (215)

Net revenue from wireless communications products, both in absolute dollars and as a percentage of net revenue, increased in fiscal year 2009 compared with fiscal year 2008. The growth of key platforms in next-generation smart phones at leading OEM customers, which incorporate many of our proprietary products such as FBAR filters and front-end modules, drove this revenue growth.

Net revenue from wired infrastructure products, both in absolute dollars and as a percentage of net revenue, decreased in fiscal year 2009 compared with fiscal year 2008. This was primarily due to softness in spending on enterprise networking and data center equipment, during the first three quarters of fiscal year 2009, which led to reduced shipments to the contract manufacturers supporting OEMs. However, our revenue from this market began to improve in the fourth quarter of fiscal year 2009 due to an increase in enterprise networking and data center spending in that quarter. Contract manufacturers constitute our principal direct customers for wired infrastructure products.

Net revenue from industrial and automotive electronics products, both in absolute dollars and as a percentage of net revenue, decreased in fiscal year 2009 compared with fiscal year 2008. This was primarily due to reduced sales by OEMs as well as reductions in sales to our distributors during the first three quarters of fiscal year 2009, due largely to a reduction in channel inventory. However, our revenue from this market improved significantly in the fourth quarter of fiscal year 2009 due, in part, to a rebound in demand from major OEMs in Europe and Japan for drives and servo motor components and continued demand for inverters and industrial fibers from renewable energy and transportation businesses.

Net revenue from consumer and computing peripheral products, both in absolute dollars and as a percentage of net revenue, decreased in fiscal year 2009 compared with fiscal year 2008, reflecting lower consumer spending caused by the overall economic downturn partly offset by improved sales of optical mouse sensors and motion control encoders for printers in the fourth quarter of fiscal year 2009.

The categorization of revenue by target market is determined using a variety of data points including the technical characteristics of the product, the "sold to" customer information, the "ship to" customer information and the end customer product or application into which our product will be incorporated. As data systems for capturing and tracking this data evolve and improve, the categorization of products by target market can vary over time. When

this occurs, we reclassify revenue by target market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each target market.

Gross margin. Gross margin was \$560 million for the year ended November 1, 2009, compared to \$655 million for the year ended November 2, 2008, a decrease of \$95 million or 15%. As a percentage of net revenue, gross margin decreased slightly to 37% for the year ended November 1, 2009 from 39% for the year ended November 2, 2008. The decrease in absolute dollars was primarily attributable to decrease in revenue of 13% during the year ended November 1, 2009 compared to the prior year ended November 2, 2008. During the year ended November 1, 2009, we recorded write-downs to inventories of \$23 million associated with reduced demand assumptions compared to \$11 million during the prior year. In addition, the year ended November 1, 2009 included \$2 million of indirect taxes relating to prior periods and payments of \$3 million in connection with terminating our relationship with a contract manufacturer as part of a transition to another supplier, which primarily related to production equipment procured by the contract manufacturer for which we agreed to compensate the contract manufacturer. During the year ended November 1, 2009, we also recorded \$5 million to cover potential costs in excess of expected insurance coverage for warranty obligations arising out of certain product quality issues, as well as \$3 million to scrap inventory of such components held by us.

Research and development. Research and development expense was \$245 million for the year ended November 1, 2009, compared to \$265 million for the year ended November 2, 2008, a decrease of \$20 million or 8%. As a percentage of net revenue, research and development expenses slightly increased to 17% for the year ended November 1, 2009 from 16% for the year ended November 2, 2008. The decrease in absolute dollars reflected our concerted efforts to control discretionary costs during the downturn resulting in lower spending on consumable tools and supplies and travel, as well as a reduction in incentive compensation expense due to the impact of our headcount reductions and lower profitability during fiscal year 2009 compared to fiscal year 2008. We expect research and development expenses to increase in absolute dollars for the foreseeable future, due to the increasing complexity and number of products we plan to develop.

Selling, general and administrative. Selling, general and administrative expense was \$165 million for the year ended November 1, 2009 compared to \$196 million for the year ended November 2, 2008, a decrease of \$31 million or 16%. As a percentage of net revenue, selling, general and administrative decreased to 11% for the year ended November 1, 2009 compared to 12% for the year ended November 2, 2008. The decrease in absolute dollars and as a percentage of net revenue was attributable to lower incentive compensation expense due to the impact of our headcount reductions as well as lower profitability during fiscal 2009 compared to fiscal 2008, reduction in travel costs, decrease in costs of outsourced information technology services offset by higher legal costs mainly incurred in connection with intellectual property litigation of which a substantial majority related to actions in which we were the plaintiff, compared to an insignificant amount of such expenses in the prior period and by lower share based compensation expense.

Selling, general and administrative expenses for fiscal year 2009 does not include \$54 million that we recorded related to the termination of the advisory agreement with our Sponsors pursuant to its terms, upon the closing of the IPO, as well as approximately \$4 million of offering costs incurred in our IPO that relate to selling shareholders which were absorbed by us. The advisory agreement termination fee and the selling shareholder expenses are included as separate components of operating expenses in the consolidated statements of operations for fiscal 2009.

Amortization of intangible assets. Total amortization of intangible assets charged incurred was \$79 million and \$85 million, respectively, for the years ended November 1, 2009 and November 2, 2008. The decrease is attributable to certain intangible assets becoming fully amortized during the year ended November 1, 2009, offset by additions to intangible assets during the year ended November 1, 2009.

Restructuring charges. During the year ended November 1, 2009, we incurred total restructuring charges of \$34 million, compared to \$12 million for the year ended November 2, 2008, both predominantly representing employee termination costs. The increase is attributable to restructuring plans initiated in the year ended November 1, 2009 in response to the economic downturn. See Note 10. "Restructuring Charges" to the Consolidated Financial Statements.

Interest expense. Interest expense was \$77 million for the year ended November 1, 2009, compared to \$86 million for the year ended November 2, 2008, which represents a decrease of \$9 million or 10%. The decrease is primarily due to the redemption and repurchases of \$109 million in aggregate principal amount of our outstanding notes made since the beginning of fiscal year 2009. Interest expense is expected to be significantly lower during fiscal year 2010, compared to fiscal year 2009, due to these repurchases and the redemption of the remaining \$318 million aggregate principal amount of our senior fixed rate notes and the remaining \$46 million aggregate principal amount of our senior floating rate notes on December 1, 2009.

Gain (loss) on extinguishment of debt. During the year ended November 1, 2009, we repurchased an aggregate of \$106 million of debt, consisting of \$85 million in principal amount of senior fixed rate notes, \$17 million in principal amount of senior subordinated notes and \$4 million in principal amount of senior floating rate notes in a tender offer for all or a part of our outstanding notes, resulting in a loss on extinguishment of debt in fiscal year 2009 of \$9 million. We also repurchased \$3 million in principal amount of senior subordinated notes in the open market, resulting in a gain on extinguishment of debt of \$1 million during the year ended November 1, 2009. During the year ended November 2, 2008, we redeemed \$200 million principal amount of our senior floating rate notes. The redemption of the senior floating rate notes in fiscal year 2008 resulted in a loss on extinguishment of debt of \$10 million. See Note 7. "Senior Credit Facility and Borrowings" to the Consolidated Financial Statements.

Other income (expense), net. Other income (expense), net includes interest income, foreign currency gain (loss), loss on other-than-temporary impairment of investment and other miscellaneous items. Other income, net was \$1 million for the year ended November 1, 2009 compared to other expense, net of \$4 million for the year ended November 2, 2008. The increase is attributable to \$4 million in government grants received during the year ended November 1, 2009 offset by a \$2 million other-than-temporary impairment charge related to an investment accounted for under the cost method.

Provision for income taxes. We recorded income tax expense of \$8 million for the year ended November 1, 2009 compared to an income tax expense of \$3 million for the year ended November 2, 2008. The increase is primarily attributable to changes in valuation allowances and distribution of jurisdictional income.

Liquidity and Capital Resources

Our primary sources of liquidity as at October 31, 2010 consisted of: (1) approximately \$561 million in cash and cash equivalents, (2) cash we expect to generate from operations and (3) our \$350 million revolving credit facility, which is committed until December 1, 2011, of which \$339 million is available to be drawn (after taking into account \$11 million of letters of credit outstanding under the facility). Our short-term and long-term liquidity requirements primarily arise from: (i) working capital requirements and (ii) capital expenditures, including acquisitions from time to time. In addition, on December 1, 2010, our board of directors declared our first interim cash dividend of \$0.07 per ordinary share, or approximately \$17 million in total, to be paid on December 30, 2010 to shareholders of record as of the close of business, Eastern Time, on December 15, 2010.

In August 2010, we also filed a shelf registration statement on Form S-3 with the SEC, through which we may sell from time to time any combination of ordinary shares, debt securities, warrants, rights, purchase contracts and units, in one or more offerings. We may seek to obtain debt or equity financing in the future. However, we cannot assure that such additional financing will be available on terms acceptable to us or at all.

In December 2010, we paid \$258 million for the redemption of our remaining \$230 million senior subordinated notes at a redemption price of 105.938% of their principal amount, and accrued and unpaid interest thereon up to, but not including, the redemption date.

We anticipate that our capital expenditures for fiscal year 2011 will be higher than for fiscal year 2010, due to spending on mask sets for new ASIC designs and capacity expansion in both of our Fort Collins and Singapore internal fabrication facilities. We believe that our cash and cash equivalents on hand, and cash flows from operations, combined with availability under our revolving credit facility, will provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for at least the next 12 months.

Our ability to service any indebtedness we incur under our revolving credit facility will depend on our ability to generate cash in the future. We may not have significant cash available to meet any large unanticipated liquidity

requirements, other than from available borrowings, if any, under our revolving credit facility. As a result, we may not retain a sufficient amount of cash to finance growth opportunities, including acquisitions, or unanticipated capital expenditures or to fund our operations. If we do not have sufficient cash for these purposes, our financial condition and our business could suffer.

In summary, our cash flows were as follows (in millions):

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Net cash provided by operating activities	\$ 208	\$ 139	\$ 510
Net cash used in investing activities	(94)	(63)	(86)
Net cash (used in) provided by financing activities	(210)	183	(335)
Net increase (decrease) in cash and cash equivalents	<u>\$ (96)</u>	<u>\$ 259</u>	<u>\$ 89</u>

Cash Flows for the Years Ended October 31, 2010 and November 1, 2009

Operating Activities

Net cash provided by operating activities during the year ended October 31, 2010 was \$510 million. The net cash provided by operating activities was principally due to net income of \$415 million and non-cash charges of \$194 million, offset by changes in operating assets and liabilities of \$99 million.

Accounts receivable increased to \$285 million at the end of fiscal year 2010 from \$186 million at the end of fiscal year 2009. Accounts receivable days sales outstanding increased to 45 days at October 31, 2010 from 40 days at November 1, 2009 primarily due to linearity of shipments in the last three months of fiscal year 2010 as compared to the last three months of fiscal year 2009. We use the current quarter revenue in our calculation of number of days sales outstanding.

Inventory increased to \$189 million at October 31, 2010 from \$162 million at November 1, 2009. The increase in inventory dollar amount is attributable to anticipated increased demand. Inventory days on hand decreased slightly from 62 days at November 1, 2009 to 61 days at October 31, 2010. We use the current quarter cost of products sold in our calculation of days on hand of inventory.

Current liabilities decreased from \$633 million at the end of fiscal year 2009 to \$565 million at the end of fiscal year 2010 mainly due to the net decrease in short-term debt of \$134 million as a result of redemption of \$364 million of long-term debt that was classified as a current liability as of November 1, 2009 (as it had been irrevocably called for redemption before the fiscal year end) and decreases in accrued interest and the \$230 million of long-term debt (our senior subordinated notes) that was classified as a current liability as of October 31, 2010 (as it had been irrevocably called for redemption before the fiscal year end). This decrease was offset by an increase in accounts payable and employee compensation and benefits. Accrued interest decreased \$13 million or 52% from fiscal year 2009 mainly due to the debt redemption and semi-annual interest payments made during fiscal year 2010. Accounts payable increased to \$198 million from \$154 million at the end of fiscal year 2009 mainly due to timing of disbursements and higher volume of purchases related to increase in revenue. Employee compensation and benefits increased to \$82 million from \$55 million at fiscal year 2009 mainly due to our employee bonus program related to our overall profitability.

Other long-term assets increased from \$24 million at the end of fiscal year 2009 to \$44 million at the end of fiscal year 2010 mainly due to the \$29 million release of valuation allowance on our deferred tax assets primarily associated with the irrevocable call for redemption of our senior subordinated notes prior to the end of fiscal year 2010. Other long-term liabilities increased from \$64 million at the end of fiscal year 2009 to \$83 million at the end of fiscal year 2010 mainly due to the change in actuarial assumptions used in the valuation of our U.S. post-retirement benefit plan and non-U.S. defined benefit pension plan liabilities.

Net cash provided by operating activities during the year ended November 1, 2009 was \$139 million. The net loss of \$44 million was offset primarily by non-cash charges of \$160 million for depreciation and amortization and \$12 million in share-based compensation.

Investing Activities

Net cash used in investing activities for the year ended October 31, 2010 was \$86 million. The net cash used in investing activities principally related to purchases of property, plant and equipment of \$79 million and acquisitions and investments of \$9 million.

Net cash used in investing activities for the year ended November 1, 2009 was \$63 million. The net cash used in investing activities was primarily due to purchases of property, plant and equipment of \$57 million and \$7 million related to a business acquisition.

Financing Activities

Net cash used in financing activities for the year ended October 31, 2010 was \$335 million, comprised mainly of the redemption of \$318 million in principal amount of senior fixed rate notes and \$46 million principal amount of senior floating rate notes, offset by \$28 million provided by the issuance of ordinary shares, upon the exercise of options.

Net cash provided by financing activities for the year ended November 1, 2009 was \$183 million. The net cash provided by financing activities was principally from proceeds of \$304 million from the issuance of ordinary shares, net of issuance costs, less \$85 million associated with the purchase of senior fixed rate notes, \$17 million associated with the purchase of senior subordinated notes and \$4 million associated with the purchase of senior floating rate notes as part of an early tender offer.

Cash Flows for the Years Ended November 1, 2009 and November 2, 2008

Net cash provided by operating activities during the year ended November 1, 2009 was \$139 million. The net loss of \$44 million was offset primarily by non-cash charges of \$160 million for depreciation and amortization and \$12 million in share-based compensation.

Accounts receivable at the end of fiscal year 2009 increased by \$2 million, or 1%, from the amount at the end of fiscal year 2008. Accounts receivable days sales outstanding increased to 40 days at November 1, 2009 from 37 days at November 2, 2008 primarily due to better linearity of shipments in the last month of fiscal year 2008 as compared to the last month of fiscal year 2009.

Inventory decreased to \$162 million at November 1, 2009 from \$188 million at the end of fiscal year 2008. Inventory days on hand decreased from 65 days at November 2, 2008 to 62 days at November 1, 2009. The inventory balance at the end of fiscal year 2008 was high mainly due to certain strategic, end-of-life purchases. During the year ended November 1, 2009, we recorded write-downs to inventories of \$23 million associated with reduced demand assumptions compared to \$11 million during the prior year.

Current liabilities increased from \$328 million at the end of fiscal year 2008 to \$633 million at the end of fiscal year 2009 mainly due to the reclassification of long — term debt of \$364 million from long-term to short-term which we irrevocably called for redemption before the year end, partially offset by decreases in accounts payable and employee compensation and benefit accruals. Accounts payable decreased by \$20 million or 11% from fiscal year 2008 mainly due to timing of disbursements. The decrease in employee compensation and benefit accruals from November 2, 2008 is attributable to our headcount reductions related to our restructuring plans as well as lower accruals under employee bonus plans.

Net cash provided by operating activities during the year ended November 2, 2008 was \$208 million. The net cash provided by operations was primarily due to net income of \$83 million and non-cash charges of \$159 million for depreciation and amortization, \$15 million in share-based compensation, offset by increases in operating assets and liabilities of \$34 million.

Net cash used in investing activities for the year ended November 1, 2009 was \$63 million. The net cash used in investing activities was primarily due to purchases of property, plant and equipment of \$57 million and \$7 million related to a business acquisition.

Net cash used in investing activities for the year ended November 2, 2008 was \$94 million. The net cash used in investing activities principally related to acquisitions and investments of \$78 million, and purchases of property, plant and equipment of \$65 million, offset by earn-out payments of \$50 million related to the divestiture of the Printer ASICs Business and the Image Sensor operations.

Net cash provided by financing activities for the year ended November 1, 2009 was \$183 million. The net cash provided by financing activities was principally from proceeds of \$304 million from the issuance of ordinary shares, net of issuance costs, less \$85 million associated with the purchase of senior fixed rate notes, \$17 million associated with the purchase of senior subordinated notes and \$4 million associated with the purchase of senior floating rate notes as part of an early tender offer. Net cash used in financing activities for the year ended November 2, 2008 was \$210 million, comprised mainly of the redemption of senior floating rate notes of \$200 million.

Indebtedness

As of October 31, 2010, we had \$236 million outstanding in aggregate indebtedness and capital lease obligations, with an additional \$350 million of borrowing capacity available under our revolving credit facility (including outstanding letters of credit of \$11 million at October 31, 2010, which reduce the amount available under our revolving credit facility on a dollar-for-dollar basis). As discussed above, subsequent to the end of fiscal year 2010, we redeemed \$230 million aggregate principal amount of our outstanding notes, as discussed in more detail below.

On December 1, 2010, after the end of fiscal year 2010, our subsidiaries, Avago Technologies Finance Pte. Ltd., Avago Technologies U.S. Inc. and Avago Technologies Wireless (U.S.A.) Manufacturing Inc. redeemed \$230 million aggregate principal amount of their outstanding senior subordinated notes at a redemption price of 105.938% of their principal amount, plus accrued and unpaid interest thereon up to, but not including, the redemption date. The total amount paid was approximately \$258 million. As a result, our aggregate indebtedness and capital lease obligations have been reduced by a corresponding amount.

Revolving Credit Facility

Our \$350 million revolving credit facility includes borrowing capacity available for letters of credit and for borrowings on same-day or one-day notice, referred to as swingline loans, and is available to us and certain of our subsidiaries in U.S. dollars and other currencies. As of October 31, 2010, we had no borrowings outstanding under the revolving credit facility, although we had \$11 million of letters of credits outstanding under the facility, which reduce the amount available on a dollar-for-dollar basis. Principal amounts outstanding under the revolving credit facility are due and payable in full on December 1, 2011.

Borrowings under our revolving credit facility bear interest at a rate equal to an applicable margin plus, at our option, either (a) a base rate determined by reference to the higher of (1) the United States prime rate and (2) the federal funds rate plus 0.5% (or an equivalent base rate for loans originating outside the United States, to the extent available) or (b) a LIBOR rate (or the equivalent thereof in the relevant jurisdiction) determined by reference to the costs of funds for deposits in the currency of such borrowing for the interest period relevant to such borrowing adjusted for certain additional costs. At October 31, 2010, the lender's base rate was 3.25% and the one-month LIBOR rate was 0.25%. The applicable margin for borrowings under the revolving credit facility is 0.75% with respect to base rate borrowings and 1.75% with respect to LIBOR borrowings.

We are required to pay a commitment fee to the lenders under the revolving credit facility with respect to any unutilized commitments thereunder. At October 31, 2010 and November 1, 2009, the commitment fee on the revolving credit facility was 0.375% per annum. We must also pay customary letter of credit fees. The commitment fee is expensed as additional interest expense.

The senior credit agreement governing the revolving credit facility has various limitations on certain transactions that may occur, including limitations on incurrence of additional debt, issuance of preferred shares, creation of liens, sale-leaseback transactions, mergers and consolidations, asset sales, payment of dividends or distribution, share repurchases, restricted payments, investments, loans or advances, capital expenditures, repayment of or material amendments to the agreements governing our subordinated indebtedness, making certain

acquisitions, changing our business lines, and changing the status of our direct wholly-owned subsidiary, Avago Technologies Holding Pte. Ltd., as a passive holding company. In July 2010, we amended the senior credit agreement to, among other things (i) give our subsidiaries party to the credit facility additional flexibility, subject to certain conditions, to make certain restricted payments, and (ii) clarify and amend the provisions in the credit agreement relating to defaulting lenders, including provisions relating to the rights and obligations of the borrowers and the non-defaulting lenders in the event of, among other things, the insolvency of a lender or its parent company.

All obligations under the revolving credit facility, and the guarantees of those obligations, are secured by substantially all of our assets and that of each guarantor subsidiary, subject to certain exceptions.

In addition, the senior credit agreement requires us to maintain senior secured leverage ratios not exceeding levels set forth in the senior credit agreement. The senior credit agreement also contains certain customary affirmative covenants and events of default including a cross-default triggered by certain events of default under our other material debt instruments. We were in compliance with all our covenants under the senior credit agreement at October 31, 2010.

Contractual Commitments

Our cash flows from operations are dependent on a number of factors, including fluctuations in our operating results, accounts receivable collections, inventory management, and the timing of payments. As a result, the impact of contractual obligations on our liquidity and capital resources in future periods should be analyzed in conjunction with such factors.

The following table sets forth our long-term debt, operating and capital lease and purchase obligations as of October 31, 2010 for the fiscal periods noted (in millions):

	<u>Total</u>	<u>2011</u>	<u>2012 to 2013</u>	<u>2014 to 2015</u>	<u>Thereafter</u>
Current portion of long-term debt(1)	\$230	\$230	—	—	—
Estimated future interest expense and redemption premium payments(2)	18	18	—	—	—
Operating leases(3)	40	9	14	14	3
Capital leases(4)	6	3	2	1	—
Commitments to contract manufacturers and other purchase obligations(5)	56	56	—	—	—
Additional contractual commitments(6)	51	24	23	4	—

(1) Represents our outstanding notes as of October 31, 2010. Subsequent to that date, we redeemed the remaining \$230 million principal amount of our senior subordinated notes, including the obligation to pay interest thereon.

(2) Represents interest payments, commitment fees and letter of credit fees. The premium payment related to the redemption noted in (1) above is also included in the preceding table. See Note 7. "Senior Credit Facility and Borrowings" to the Consolidated Financial Statements.

(3) Includes operating lease commitments for facilities and equipment that we have entered into with third parties.

(4) Includes capital lease commitments for equipment that we have entered into with third parties.

(5) We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, we issue purchase orders with estimates of our requirements several months ahead of the delivery dates. However, our agreements with these suppliers usually allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed. Typically purchase orders outstanding with delivery dates within 30 days are non-cancelable. In addition to the above, we record a liability for firm, non-cancelable, and unconditional purchase commitments for quantities in excess of our future demand forecasts in conjunction with our write-down of inventory. As of October 31, 2010, the liability for our firm, non-cancelable and unconditional purchase commitments was \$3 million. These amounts are included in other liabilities in our balance sheets at October 31, 2010, and are excluded from the preceding table.

(6) We have entered into several agreements related to outsourced IT, human resources, financial advisory services and other services agreements.

We adopted the provisions of ASC 740 "Income Taxes" on accounting for uncertainty in income taxes on November 1, 2007. Due to the inherent uncertainty with respect to the timing of future cash outflows associated with our unrecognized tax benefits at October 31, 2010, we are unable to reliably estimate the timing of cash settlement with the respective taxing authority. Therefore, \$27 million of unrecognized tax benefits classified as long-term income tax payable in the consolidated balance sheet as of October 31, 2010 have been excluded from the contractual obligations table above.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at October 31, 2010 as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Indemnifications to Hewlett-Packard and Agilent

Agilent Technologies, Inc. has given multiple indemnities to Hewlett-Packard Company in connection with its activities prior to its spin-off from Hewlett-Packard Company in June 1999 for the businesses that constituted Agilent prior to the spin-off. As the successor to the SPG business of Agilent, we may acquire responsibility for indemnifications related to assigned intellectual property agreements. Additionally, when we completed the SPG Acquisition in December 2005, we provided indemnities to Agilent with regard to Agilent's conduct of the SPG business prior to the SPG Acquisition. In our opinion, the fair value of these indemnifications is not material.

Other Indemnifications

As is customary in our industry and as provided for in local law in the United States and other jurisdictions, many of our standard contracts provide remedies to our customers and others with whom we enter into contracts, such as defense, settlement, or payment of judgment for intellectual property claims related to the use of our products. From time to time, we indemnify customers, as well as our suppliers, contractors, lessors, lessees, companies that purchase our businesses or assets and others with whom we enter into contracts, against combinations of loss, expense, or liability arising from various triggering events related to the sale and the use of our products, the use of their goods and services, the use of facilities and state of our owned facilities, the state of the assets and businesses that we sell and other matters covered by such contracts, usually up to a specified maximum amount. In addition, from time to time we also provide protection to these parties against claims related to undiscovered liabilities, additional product liability or environmental obligations. In our experience, claims made under such indemnifications are rare and the associated estimated fair value of the liability is not material.

Accounting Changes and Recent Accounting Standards

For a description of accounting changes and recent accounting standards, including the expected dates of adoption and estimated effects, if any, on our consolidated financial statements, see Note 2. "Summary of Significant Accounting Policies" to Consolidated Financial Statements of this Annual Report on Form 10-K.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Foreign Currency Derivative Instruments

Although a majority of our revenue and operating expenses is denominated in U.S. dollars, and we prepare our financial statements in U.S. dollars in accordance with GAAP, a portion of our revenue and operating expenses is in foreign currencies. Our revenues, costs and expenses and monetary assets and liabilities are exposed to changes in currency exchange rates as a result of our global operating and financing activities. To mitigate the exposures resulting from the changes in the exchange rates of these currencies, we enter into foreign exchange forward contracts to hedge a portion of these exposures. Contracts that meet accounting criteria are designated at inception as hedges of the related foreign currency exposures, which include committed and anticipated transactions that are denominated in currencies other than the U.S. dollar. The criteria for designating a derivative as a hedge include the

assessment of the instrument's effectiveness in risk reduction, matching of the derivative instrument to its underlying transaction, and the assessment of the probability that the underlying transaction will occur. Our foreign exchange forward contracts generally mature within three to six months. We do not use derivative financial instruments for speculative or trading purposes. As of October 31, 2010, there were no foreign exchange forward contracts outstanding. Losses from foreign currency transactions, as well as derivative instruments, are included in our consolidated statements of operations in the amounts of \$6 million, \$3 million and \$4 million, for the years ended November 2, 2008, November 1, 2009, and October 31, 2010.

Interest Rate Risk

Borrowings under our revolving credit facility are subject to floating rates of interest, based on, at our option, either (a) lender's base rate determined by reference to the higher of (1) the United States prime rate and (2) the federal funds rate plus 0.5% (or an equivalent base rate for loans originating outside the United States, to the extent available) or (b) a LIBOR rate (or the equivalent thereof in the relevant jurisdiction). We did not have any borrowings outstanding under this facility during fiscal year 2010 or as at October 31, 2010, although we did have \$11 million of letters of credit outstanding as at October 31, 2010 (and similar amounts during the course of fiscal year 2010), which reduce the amount available under the facility on a dollar-for-dollar-basis.

AVAGO TECHNOLOGIES LIMITED
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	64
Consolidated Balance Sheets	65
Consolidated Statements of Operations	66
Consolidated Statements of Cash Flows	67
Consolidated Statements of Shareholders' Equity and Comprehensive Income (Loss)	68
Notes to Consolidated Financial Statements	69

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Avago Technologies Limited:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Avago Technologies Limited and its subsidiaries at October 31, 2010 and November 1, 2009, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our audits (which was an integrated audit in 2010). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertainty in income taxes in fiscal year 2008.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

San Jose, California
December 15, 2010

AVAGO TECHNOLOGIES LIMITED
CONSOLIDATED BALANCE SHEETS

	November 1, 2009	October 31, 2010
	(In millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 472	\$ 561
Trade accounts receivable, net	186	285
Inventory	162	189
Other current assets	44	52
Total current assets	<u>864</u>	<u>1,087</u>
Property, plant and equipment, net	264	281
Goodwill	171	172
Intangible assets, net	647	573
Other long-term assets	24	44
Total assets	<u>\$ 1,970</u>	<u>\$ 2,157</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 154	\$ 198
Employee compensation and benefits	55	82
Accrued interest	25	12
Capital lease obligations — current	2	2
Other current liabilities	33	41
Current portion of long-term debt	364	230
Total current liabilities	<u>633</u>	<u>565</u>
Long-term liabilities:		
Long-term debt	230	—
Capital lease obligations — non-current	3	4
Other long-term liabilities	64	83
Total liabilities	<u>930</u>	<u>652</u>
Commitments and contingencies (Note 17)		
Shareholders' equity:		
Ordinary shares, no par value; 235,392,897 shares and 239,888,231 shares issued and outstanding on November 1, 2009 and October 31, 2010, respectively	1,393	1,450
Retained earnings (accumulated deficit)	(356)	59
Accumulated other comprehensive income (loss)	3	(4)
Total shareholders' equity	<u>1,040</u>	<u>1,505</u>
Total liabilities and shareholders' equity	<u>\$ 1,970</u>	<u>\$ 2,157</u>

The accompanying notes are an integral part of these consolidated financial statements.

AVAGO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
	(In millions, except per share data)		
Net revenue	\$ 1,699	\$ 1,484	\$ 2,093
Cost of products sold:			
Cost of products sold	981	855	1,068
Amortization of intangible assets	57	58	58
Restructuring charges	6	11	1
Total cost of products sold	1,044	924	1,127
Gross margin	655	560	966
Research and development	265	245	280
Selling, general and administrative	196	165	196
Amortization of intangible assets	28	21	21
Restructuring charges	6	23	3
Advisory agreement termination fee	—	54	—
Selling shareholder expenses	—	4	—
Total operating expenses	495	512	500
Income from operations	160	48	466
Interest expense	(86)	(77)	(34)
Loss on extinguishment of debt	(10)	(8)	(24)
Other income (expense), net	(4)	1	(2)
Income (loss) from continuing operations before income taxes	60	(36)	406
Provision for (benefit from) income taxes	3	8	(9)
Income (loss) from continuing operations	57	(44)	415
Income from and gain on discontinued operations, net of income taxes	26	—	—
Net income (loss)	<u>\$ 83</u>	<u>\$ (44)</u>	<u>\$ 415</u>
Net income (loss) per share:			
Basic:			
Income (loss) from continuing operations	\$ 0.27	\$ (0.20)	\$ 1.74
Income from and gain on discontinued operations, net of income taxes	0.12	—	—
Net income (loss)	<u>\$ 0.39</u>	<u>\$ (0.20)</u>	<u>\$ 1.74</u>
Diluted:			
Income (loss) from continuing operations	\$ 0.26	\$ (0.20)	\$ 1.69
Income from and gain on discontinued operations, net of income taxes	0.12	—	—
Net income (loss)	<u>\$ 0.38</u>	<u>\$ (0.20)</u>	<u>\$ 1.69</u>
Weighted average shares :			
Basic	214	219	238
Diluted	<u>219</u>	<u>219</u>	<u>246</u>

The accompanying notes are an integral part of these consolidated financial statements.

AVAGO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
	(In millions)		
Cash flows from operating activities:			
Net income (loss)	\$ 83	\$ (44)	\$ 415
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	159	160	159
Amortization of debt issuance costs	4	4	2
Gain on discontinued operations	(27)	—	—
Loss on extinguishment of debt	6	8	8
Loss on disposal of property, plant and equipment	2	2	2
Non-cash portion of restructuring charges	—	1	—
Impairment of investment	—	2	—
Share-based compensation	15	12	25
Tax benefits from share-based compensation	—	1	—
Excess tax benefits from share-based compensation	—	(1)	(2)
Changes in assets and liabilities, net of acquisitions and dispositions:			
Trade accounts receivable, net	38	—	(96)
Inventory	(45)	27	(26)
Accounts payable	(29)	(16)	23
Employee compensation and benefits	18	(19)	27
Other current assets and current liabilities	(13)	(39)	(16)
Other long-term assets and long-term liabilities	(3)	41	(11)
Net cash provided by operating activities	208	139	510
Cash flows from investing activities:			
Purchase of property, plant and equipment	(65)	(57)	(79)
Acquisitions and investments, net of cash acquired	(78)	(7)	(9)
Purchase of intangible assets	(6)	(1)	—
Proceeds from disposal of property, plant and equipment	5	—	2
Proceeds from sale of discontinued operations	50	2	—
Net cash used in investing activities	(94)	(63)	(86)
Cash flows from financing activities:			
Issuance of ordinary shares, net of issuance costs	(2)	304	28
Repurchase of ordinary shares	(5)	(6)	—
Debt repayments	(202)	(114)	(364)
Excess tax benefits from share-based compensation	1	1	3
Cash settlement of equity awards	(2)	(1)	—
Payment on capital lease obligation	—	(1)	(2)
Net cash (used in) provided by financing activities	(210)	183	(335)
Net increase (decrease) in cash and cash equivalents	(96)	259	89
Cash and cash equivalents at the beginning of year	309	213	472
Cash and cash equivalents at end of year	\$ 213	\$ 472	\$ 561
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 85	\$ 79	\$ 46
Cash paid for income taxes	\$ 8	\$ 10	\$ 6

The accompanying notes are an integral part of these consolidated financial statements.

AVAGO TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

	Ordinary Shares		Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (loss)	Total Shareholders' Equity	Comprehensive Income (loss)
	Shares	Amount				
Balance as of October 31, 2007	213,959,783	\$ 1,075	\$ (386)	\$ 4	\$ 693	\$ (155)
Cumulative effect of adopting amended guidance of ASC 740	—	—	(9)	—	(9)	—
Issuance of ordinary shares to employees	28,509	—	—	—	—	—
Repurchase of ordinary shares	(471,000)	(5)	—	—	(5)	—
Cash settlement of equity awards	—	(2)	—	—	(2)	—
Share-based compensation	—	15	—	—	15	—
Tax benefits from share-based compensation	—	1	—	—	1	—
Changes in accumulated other comprehensive income:						
Actuarial gains and prior service costs associated with post-retirement benefit and defined benefit pension plans, net of taxes	—	—	—	5	5	5
Unrealized net loss on derivative instruments	—	—	—	(1)	(1)	(1)
Net income	—	—	83	—	83	83
Balance as of November 2, 2008	213,517,292	1,084	(312)	8	780	87
Issuance of ordinary shares, net of issuance costs of \$23 million	21,500,000	300	—	—	300	—
Exercise of options	1,183,405	3	—	—	3	—
Repurchase of ordinary shares	(807,800)	(6)	—	—	(6)	—
Cash settlement of equity awards	—	(1)	—	—	(1)	—
Share-based compensation	—	12	—	—	12	—
Tax benefits from share-based compensation	—	1	—	—	1	—
Changes in accumulated other comprehensive income:						
Actuarial losses and prior service costs associated with post-retirement benefit and defined benefit pension plans, net of taxes	—	—	—	(6)	(6)	(6)
Unrealized net gain on derivative instruments	—	—	—	1	1	1
Net loss	—	—	(44)	—	(44)	(44)
Balance as of November 1, 2009	235,392,897	\$ 1,393	\$ (356)	\$ 3	\$ 1,040	\$ (49)
Issuance of ordinary shares in connection with exercise of options	4,495,334	28	—	—	28	—
Share-based compensation	—	25	—	—	25	—
Tax benefits from share-based compensation	—	4	—	—	4	—
Changes in accumulated other comprehensive income:						
Actuarial losses and prior service costs associated with post-retirement benefit and defined benefit pension plans, net of taxes	—	—	—	(7)	(7)	(7)
Net income	—	—	415	—	415	415
Balance as of October 31, 2010	239,888,231	\$ 1,450	\$ 59	\$ (4)	\$ 1,505	\$ 408

The accompanying notes are an integral part of these consolidated financial statements.

AVAGO TECHNOLOGIES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Overview and Basis of Presentation

Overview

Avago Technologies Limited, or the Company, we, our, or Avago, was organized under the laws of the Republic of Singapore in August 2005. We are the successor to the Semiconductor Products Group, or SPG, of Agilent Technologies, Inc., or Agilent. On December 1, 2005, we acquired substantially all of the assets of SPG from Agilent for \$2.7 billion, or the SPG Acquisition.

We are a designer, developer and global supplier of analog semiconductor devices with a focus on III-V based products. We offer products in four primary target markets: wireless communications, wired infrastructure, industrial and automotive electronics, and consumer and computing peripherals. Applications for our products in these target markets include cellular phones, consumer appliances, data networking and telecommunications equipment, enterprise storage and servers, renewable energy and smart power grid applications, factory automation, displays, optical mice and printers.

Basis of Presentation

Fiscal Periods

We adopted a 52- or 53-week fiscal year beginning with our fiscal year 2008. Our fiscal year ends on the Sunday closest to October 31.

Principles of Consolidation

Our consolidated financial statements include the accounts of Avago and our wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Use of estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences could affect the results of operations reported in future periods.

Out-of-period Adjustment. During the year ended November 1, 2009, we recorded an accrual of \$4 million for indirect taxes on certain prior years' purchases and sales transactions. This accrual increased each of cost of products sold and research and development expenses for the fiscal year 2009 by \$2 million and increased net loss for the period by \$4 million. We determined that the impact of the adjustment was not material to prior periods or to the results for the second quarter of fiscal year 2009, and the adjustment was therefore recorded in the second quarter of fiscal year 2009 under Accounting Standard Codification, or ASC, 270 "Interim Reporting."

Revenue recognition. We recognize revenue, net of trade discounts and allowances, provided that (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the price is fixed or determinable and (iv) collectibility is reasonably assured. Delivery is considered to have occurred when title and risk of loss have transferred to the customer. We consider the price to be fixed or determinable when the price is not subject to refund or adjustments or when any such adjustments are accounted for. We evaluate the creditworthiness of our customers to determine that appropriate credit limits are established prior to the acceptance of an order. Revenue, including sales to resellers and distributors, is reduced for estimated returns and distributor allowances. We recognize revenue from sales of our products to distributors upon delivery of products to the distributors. An allowance for distributor credits covering price adjustments and scrap allowances is made based on our estimate of historical experience rates as well as considering economic conditions and contractual terms. To date, actual distributor claim activity has been materially consistent with the provisions we have made based on our historical estimates.

We enter into development agreements with some of our customers and recognize revenue from these agreements upon completion and acceptance by the customer of contract deliverables or as services are provided, depending on the terms of the arrangement. Revenue is deferred for any amounts received prior to completion or delivery of services. Costs related to these arrangements are included in research and development expense. These revenues, which are included in net revenue, totaled \$27 million, \$31 million and \$35 million in fiscal years 2008, 2009 and 2010, respectively.

Cash and cash equivalents. We consider all highly liquid investment securities with original or remaining maturities of three months or less at the date of purchase to be cash equivalents. We determine the appropriate classification of our cash and cash equivalents at the time of purchase. As of November 1, 2009 and October 31, 2010, \$3 million and \$2 million, respectively, of our cash and cash equivalents were restricted, primarily for collateral under certain of our letter of credit arrangements.

Deferred Compensation Plan. Employee contributions under the deferred compensation plan (See Note 6. "Retirement Plans and Post-Retirement Benefits") are maintained in a rabbi trust and are not readily available to us. Participants can direct the investment of their deferred compensation plan accounts in the same investments funds offered by the 401(k) plan. Although participants direct the investment of these funds, they are classified as trading securities and are included in other current assets. The corresponding liability related to the deferred compensation plan is recorded in other current liabilities. Unrealized gain (loss) in connection with these trading securities is recorded in other income (expense), net with an offset for the same amount recorded in compensation expense. We had deferred compensation plan assets of \$2 million and \$3 million at November 1, 2009 and October 31, 2010, respectively, which are included in other current assets. Unrealized gain (loss) associated with these trading securities was not material for fiscal years 2008, 2009 and 2010.

Trade accounts receivable, net. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Such accounts receivable have been reduced by an allowance for doubtful accounts, which is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance based on customer specific experience and the aging of such receivables, among other factors. Accounts receivable are also recorded net of sales returns and distributor allowances. These amounts are recorded when it is both probable and estimable that discounts will be granted or products will be returned. Aggregate accounts receivable allowances at November 1, 2009 and October 31, 2010 were \$13 million and \$16 million, respectively.

Share-based compensation. For share-based awards granted after November 1, 2006, we recognize compensation expense based on the estimated grant date fair value method required under the authoritative guidance using the Black-Scholes valuation model with a straight-line amortization method. Since the authoritative guidance requires that share-based compensation expense be based on awards that are ultimately expected to vest, estimated share-based compensation for such awards has been reduced for estimated forfeitures. Authoritative guidance requires forfeitures to be estimated at the time of grant and revised if necessary in subsequent periods if actual forfeitures differ from the estimate. For outstanding share-based awards granted before November 1, 2006, we continue to account for any portion of such awards under the originally applied accounting principles, until such awards were modified subsequent to the adoption of the authoritative guidance.

For the years ended November 2, 2008, November 1, 2009 and October 31, 2010, we recorded \$15 million, \$12 million and \$25 million, respectively, of compensation expense resulting from the application of the authoritative guidance. We recognize a benefit from share based compensation in equity if an incremental tax benefit is realized by following the ordering provisions of the tax law.

Shipping and handling costs. Our shipping and handling costs charged to customers are included in net revenue and the associated expense is recorded in cost of products sold in the statements of operations for all periods presented.

Goodwill and purchased intangible assets. Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. Our accounting complies with ASC 350 "Intangibles-Goodwill and Other," or ASC 350. Goodwill is not amortized but is reviewed annually (or more frequently if impairment indicators arise) for impairment. Purchased intangible assets

are carried at cost less accumulated amortization. Amortization is computed using the straight-line method over the useful lives of the respective assets, generally six months to 25 years.

On a quarterly basis, we monitor factors and changes in circumstances that could indicate carrying amounts of long-lived assets, including goodwill and intangible assets, may not be recoverable. Factors we consider important which could trigger an impairment review include (i) significant underperformance relative to historical or projected future operating results, (ii) significant changes in the manner of our use of the acquired assets or the strategy for our overall business, and (iii) significant negative industry or economic trends. An impairment loss must be measured if the sum of the expected future cash flows (undiscounted and before interest) from the use and eventual disposition of the asset (or asset group) is less than the net book value of the asset (or asset group). The amount of the impairment loss will generally be measured as the difference between the net book value of the asset (or asset group) and their estimated fair value. We perform an annual impairment review of goodwill during the fourth fiscal quarter of each year, or more frequently if we believe indicators of impairment exist. No impairment of goodwill resulted from our most recent evaluation of goodwill for impairment, which occurred in the fourth quarter of fiscal year 2010. No impairment of goodwill resulted in any of the periods presented.

Advertising. Business specific advertising costs are expensed as incurred and amounted to \$3 million, \$2 million and \$4 million for the years ended November 2, 2008, November 1, 2009 and October 31, 2010, respectively.

Research and development. Costs related to research, design and development of our products are charged to research and development expense as they are incurred.

Taxes on income. We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes. Likewise, if we determine that we would not be able to realize all or part of our net deferred tax assets, an adjustment would be charged to earnings in the period such determination is made.

We account for uncertainty in income taxes in accordance with ASC 740 "Income Taxes," or ASC 740, which was issued in July 2006 and clarifies the accounting for uncertainty in income taxes. ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. This guidance also provides provisions on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. ASC 740 (with regard to uncertain tax positions) is effective for fiscal years beginning after December 15, 2006 and as a result, was effective for us on November 1, 2007. See Note 11. "Income Taxes" for additional information.

Concentrations of credit risk and significant customers. Our cash, cash equivalents and accounts receivable are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with financial institutions that management believes are of high credit quality. Our accounts receivable are derived from revenue earned from customers located in the U.S. and internationally. Credit risk with respect to accounts receivable is generally diversified due to the large number of entities comprising our customer base and their dispersion across many different industries and geographies. We perform ongoing credit evaluations of our customers' financial conditions, and require collateral, such as letters of credit and bank guarantees, in certain circumstances.

We sell our products through our direct sales force and distributors. One customer accounted for 11% of our net accounts receivable balance at November 1, 2009. No customer accounted for 10% or more of our net accounts receivable balance at October 31, 2010.

For the year ended November 2, 2008, one customer represented 11% of net revenue. For the years ended November 1, 2009 and October 31, 2010, no customer represented 10% or more of net revenue.

Concentration of other risks. The semiconductor industry is characterized by rapid technological change, competitive pricing pressures and cyclical market patterns. Our financial results are affected by a wide variety of factors, including general economic conditions worldwide, economic conditions specific to the semiconductor industry, the timely implementation of new manufacturing technologies, the ability to safeguard patents and intellectual property in a rapidly evolving market and reliance on assembly and test subcontractors, third-party wafer fabricators and independent distributors. In addition, the semiconductor market has historically been cyclical and subject to significant economic downturns at various times. We are exposed to the risk of obsolescence of our inventory depending on the mix of future business.

Derivative instruments. We are subject to foreign currency risks for transactions denominated in foreign currencies, primarily Singapore Dollar, Malaysian Ringgit, Euro and Japanese Yen. Therefore, we enter into foreign exchange forward contracts to manage financial exposures resulting from the changes in the exchange rates of these foreign currencies. These contracts are designated at inception as hedges of the related foreign currency exposures, which include committed and anticipated transactions that are denominated in currencies other than the functional currency of the subsidiary which has the exposure. We exclude time value from the measurement of effectiveness. To achieve hedge accounting, contracts must reduce the foreign currency exchange rate risk otherwise inherent in the amount and duration of the hedged exposures and comply with established risk management policies; hedging contracts generally mature within three to six months. We do not use derivative financial instruments for speculative or trading purposes.

We designate our forward contracts as either cash flow or fair value hedges. All derivatives are recognized on the balance sheet at their fair values. For derivative instruments that are designated and qualify as a fair value hedge, changes in value of the derivative are recognized in income in the current period. Such hedges are recorded in net income (loss) and are offset by the changes in fair value of the underlying assets or liabilities being hedged. For derivative instruments that are designated and qualify as a cash flow hedge, changes in the value of the effective portion of the derivative instrument are recognized in accumulated comprehensive income (loss), a component of shareholders' equity. These amounts are then reclassified and recognized in income when either the forecasted transaction occurs or it becomes probable the forecasted transaction will not occur. Changes in the fair value of the ineffective portion of derivative instruments are recognized in earnings in the current period, which have not been significant to date. Separate disclosures required for derivative instruments and hedging were not presented because the impact of derivative instruments is immaterial to our results of operations and financial position.

Inventory. We value our inventory at the lower of the actual cost of the inventory or the current estimated market value of the inventory, with cost being determined under the first-in, first-out method. We record a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand and production requirements. The excess balance determined by this analysis becomes the basis for our excess inventory charge and the written-down value of the inventory becomes its cost. Written-down inventory is not written up if market conditions improve.

Investments. Our minority investments in privately held companies are accounted for using the cost method and evaluated for impairment quarterly. Such analysis requires significant judgment to identify events or circumstances that would likely have a significant other than temporary adverse effect on the carrying value of the investment. At November 1, 2009 and October 31, 2010, we had \$1 million and \$3 million of carrying value cost method investment, which was included in other long-term assets.

Property, plant and equipment. Property, plant and equipment are stated at cost less accumulated depreciation. Additions, improvements and major renewals are capitalized, and maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or disposed of, the assets and related accumulated depreciation and amortization are removed from our records and the resulting gain or loss is reflected in the statement of

operations. Buildings and leasehold improvements are generally depreciated over 15 to 40 years, or over the lease period, whichever is shorter, and machinery and equipment are generally depreciated over 3 to 10 years. We use the straight-line method of depreciation for all property, plant and equipment.

Net income (loss) per share. Basic net income (loss) per share is computed by dividing net income (loss) — the numerator — by the weighted average number of shares outstanding — the denominator — during the period excluding the dilutive effect of options and other employee plans. Diluted net income (loss) per share gives effect to all potentially dilutive ordinary share equivalents outstanding during the period. In computing diluted net income (loss) per share under the treasury stock method, the average share price for the period is used in determining the number of shares assumed to be purchased from the proceeds of option exercises.

Diluted net income per share for fiscal years 2008 and 2010 both excluded the potentially dilutive effect of weighted average options to purchase 5 million ordinary shares, as their effect was antidilutive.

The following is a reconciliation of the numerators and denominators of the basic and diluted net income (loss) per share computations for the periods presented (in millions, except per share data):

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Net income (Numerator):			
Income from continuing operations	\$ 57	\$ (44)	\$ 415
Income from and gain on discontinued operations, net of income taxes	26	—	—
Net income (loss)	<u>\$ 83</u>	<u>\$ (44)</u>	<u>\$ 415</u>
Shares (Denominator):			
Basic weighted average ordinary shares outstanding	214	219	238
Add: Incremental shares for:			
Dilutive effect of share options	5	—	8
Shares used in diluted computation	<u>219</u>	<u>219</u>	<u>246</u>
Net income (loss) per share:			
Basic:			
Income from continuing operations	\$ 0.27	\$ (0.20)	\$ 1.74
Income from and gain on discontinued operations, net of income taxes	\$ 0.12	\$ —	\$ —
Net income (loss)	<u>\$ 0.39</u>	<u>\$ (0.20)</u>	<u>\$ 1.74</u>
Diluted:			
Income from continuing operations	\$ 0.26	\$ (0.20)	\$ 1.69
Income from and gain on discontinued operations, net of income taxes	\$ 0.12	\$ —	\$ —
Net income (loss)	<u>\$ 0.38</u>	<u>\$ (0.20)</u>	<u>\$ 1.69</u>

Foreign currency remeasurement. We operate in a U.S. dollar functional currency environment. As such, foreign currency assets and liabilities are remeasured into U.S. dollars at current exchange rates except for non-monetary items such as inventory and property, plant and equipment, which are remeasured at historical exchange rates. Net income (loss) for fiscal years 2008, 2009 and 2010 included net foreign currency losses of \$6 million, \$3 million and \$4 million, respectively.

Capitalized software development costs. We capitalize eligible costs related to the application development phase of software developed internally or obtained for internal use in accordance with ASC 350 "Intangibles-Goodwill and Others," or ASC 350. The capitalization of software development costs during the years ended

November 2, 2008, November 1, 2009 and October 31, 2010 was not material. We begin amortizing the costs associated with software developed for internal use at the time the software is ready for its intended use over its estimated useful life of three to five years.

Warranty. We accrue for the estimated costs of product warranties at the time revenue is recognized. Product warranty costs are estimated based upon our historical experience and specific identification of the products requirements, which may fluctuate based on product mix. Additionally, we accrue for warranty costs associated with occasional or unanticipated product quality issues if a loss is probable and can be reasonably estimated.

The following table summarizes the changes in accrued warranty (in millions):

Balance as of November 2, 2008 — included in other current liabilities	\$ 1
Charged to cost of products sold	8
Utilized	(2)
Balance as of November 1, 2009 — included in other current liabilities	\$ 7
Charged to cost of products sold	12
Warranty accrual assumed during the period in connection with an acquisition	1
Utilized	(3)
Balance as of October 31, 2010 — included in other current liabilities	<u>\$17</u>

During the years ended November 1, 2009 and October 31, 2010, we recorded warranty related charges of \$5 million and \$11 million, respectively, based on two specific quality issues. See Note 17. "Commitments and Contingencies" for further details.

Accumulated other comprehensive income (loss). Accumulated other comprehensive income (loss) includes certain transactions that have generally been reported in the consolidated statements of shareholders' equity and comprehensive income (loss). The components of accumulated other comprehensive income (loss) at November 2, 2008, November 1, 2009 and October 31, 2010 consisted of net unrecognized prior service credit and actuarial gain (loss) on defined benefit pension plans and post-retirement medical benefit plans and unrealized gain (loss) on derivative instruments.

Recently Adopted Accounting Guidance

In fiscal year 2010, we adopted the guidance issued by the Financial Accounting Standards Board, or FASB, on fair value measurements and disclosures. The guidance requires new disclosures about transfers in and out of Levels 1 and 2 fair value measurements, fair value measurements disclosures for each class of assets and liabilities, and disclosures about the valuation techniques and inputs used to measure fair value for both recurring and non-recurring fair value measurements for Level 2 and Level 3 fair value measurements. Other than requiring additional disclosures in our financial statements, the adoption of this guidance did not have a significant impact on our results of operations and financial position.

In fiscal year 2010, we adopted the guidance issued by the FASB that amends the disclosure requirements relating to subsequent events. The amendment includes definition of an SEC filer, requires an SEC filer to evaluate subsequent events through the date the financial statements are issued, and removes the requirement for an SEC filer to disclose the date through which subsequent events have been evaluated. This guidance was effective upon issuance. The adoption of this guidance did not have a material impact on our results of operations, financial position and financial statement disclosures.

In fiscal year 2010, we adopted the guidance issued by the FASB on business combinations, which significantly changes current practices regarding business combinations. Among the more significant changes, the guidance expands the definition of a business and a business combination; requires the acquirer to recognize the assets acquired, liabilities assumed and noncontrolling interests (including goodwill), measured at fair value at the acquisition date; requires acquisition-related expenses and restructuring costs to be recognized separately from the business combination; requires assets acquired and liabilities assumed to be recognized at their acquisition-date fair values with subsequent changes recognized in earnings; and requires in-process research and development to be

capitalized at fair value as an indefinite-lived intangible asset. The adoption of this guidance changes our accounting treatment for business combinations on a prospective basis and the nature and magnitude of the specific impact depends upon the nature, terms and size of the acquisitions consummated after the date of our adoption of this guidance. See Note 3, "Acquisitions and Investments," for additional information.

In fiscal year 2010, we adopted the guidance issued by the FASB on accounting for noncontrolling interests in consolidated financial statements. This guidance changes the accounting and reporting for minority interests, reporting them as equity separate from the parent entity's equity, as well as requiring expanded disclosures. The adoption of this guidance did not have any impact on our results of operations and financial position.

In fiscal year 2010, we adopted the guidance issued by the FASB for determination of the useful life of intangible assets. This guidance amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under authoritative accounting guidance for goodwill and other intangible assets. Any future transactions involving intangible assets may be affected by this guidance. See Note 5, "Goodwill and Intangible Assets," for additional information.

During fiscal year 2010, we adopted new guidance issued by the FASB that specifies the way in which fair value measurements should be made for non-financial assets and non-financial liabilities that are not measured and recorded at fair value on a recurring basis, and specifies additional disclosures related to these fair value measurements. The adoption of this new guidance did not have a significant impact on our results of operations and financial position.

In December 2008, the FASB issued guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. This guidance requires disclosures surrounding how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies. Additional disclosures include (a) the major categories of plan assets, (b) the inputs and valuation techniques used to measure the fair value of plan assets, (c) the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period and (d) the significant concentrations of risk within plan assets. This guidance does not change the accounting treatment for postretirement benefit plans. We adopted this guidance in fiscal year 2010. The adoption of this guidance changed our disclosure about pension plans beginning with this Annual Report on Form 10-K for fiscal year 2010. See Note 6, "Retirement Plans and Post-Retirement Benefits."

Recent Accounting Guidance Not Yet Adopted

In March 2010, the FASB issued new guidance on the milestone method of revenue recognition. The new guidance recognizes the milestone method as an acceptable revenue recognition method for substantive milestones in research or development transactions. A milestone is substantive when the consideration earned from achievement of the milestone is commensurate with either (a) the vendor's performance to achieve the milestone or (b) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the vendor's performance to achieve the milestone and the consideration earned from the achievement of a milestone relates solely to past performance and is reasonable relative to all of the deliverables and payment terms (including other potential milestone consideration) within the arrangement. This new guidance will be effective for our fiscal year ending October 30, 2011, or fiscal year 2011, and its interim periods, with early adoption permitted. The guidance may be applied retrospectively to all arrangements or prospectively to milestones achieved after the effective date. We believe the adoption of this new guidance will not have a significant impact on our results of operations and financial position.

In February 2010, the FASB issued updated guidance which amends the requirements for evaluating whether a decision maker or service provider has a variable interest to clarify that a quantitative approach should not be the sole consideration in assessing the criteria. It also clarifies that related parties should be considered in applying all of the decision maker and service provider criteria. This is in addition to the authoritative guidance the FASB issued in June 2009 that applies to determining whether an entity is a variable interest entity and requiring an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This new guidance eliminates the exceptions to consolidating qualifying special-purpose entities, contains new criteria for determining the primary beneficiary, and increases the frequency

of required reassessments to determine whether a company is the primary beneficiary of a variable interest entity. The guidance also contains a new requirement that any term, transaction, or arrangement that does not have a substantive effect on an entity's status as a variable interest entity, a company's power over a variable interest entity, or a company's obligation to absorb losses or its right to receive benefits of an entity must be disregarded in applying the existing provisions. The elimination of the qualifying special-purpose entity concept and its consolidation exceptions means more entities will be subject to consolidation assessments and reassessments. This guidance will be effective for our fiscal year 2011. We believe the adoption of this new guidance will not have a significant impact on our results of operations and financial position.

In January 2010, the FASB issued updated guidance related to fair value measurements and disclosures, which requires separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 fair value measurements (see Note 8. "Fair Value Measurements" for further discussion of fair value measurements). This guidance will be effective for our fiscal year ending October 28, 2012, and its interim periods. Other than requiring additional disclosures in our financial statements, we believe the adoption of this guidance will not have a significant impact on our results of operations and financial position.

In October 2009, the FASB issued guidance on revenue recognition that addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how the arrangement consideration should be allocated among the separate units of accounting. This guidance will be effective for our fiscal year 2011 with early adoption permitted. The guidance may be applied retrospectively or prospectively for new or materially modified arrangements. We believe the adoption of this guidance will not have a significant impact on our results of operations and financial position.

In October 2009, the FASB issued guidance that modifies the scope of the software revenue recognition guidance to exclude (a) non-software components of tangible products and (b) software components of tangible products that are sold, licensed or leased with tangible products when the software components and non-software components of the tangible product function together to deliver the tangible product's essential functionality. This guidance will be effective for our fiscal year 2011 with early adoption permitted. The guidance may be applied retrospectively or prospectively for new or materially modified arrangements. We believe the adoption of this new guidance will not have a significant impact on our results of operations and financial position.

3. Acquisitions and Investments

Acquisitions

During fiscal year 2008, we completed the acquisition of a privately-held manufacturer of motion control encoders for \$29 million (net of cash acquired of \$2 million) plus \$9 million repayment of existing debt. The purchase price was allocated to the acquired net assets based on estimates of fair values as follows: total assets of \$51 million, including intangible assets of \$11 million, goodwill of \$27 million, and total liabilities of \$11 million (which includes a \$2 million loan secured by land and building in Italy). The intangible assets are being amortized over their useful lives ranging from 1 to 7 years.

In fiscal year 2008, we completed the acquisition of a privately-held developer of low-power wireless devices for \$6 million. The purchase consideration of \$6 million was allocated to the acquired net assets based on estimated fair values as follows: total assets of \$7 million (primarily goodwill), and total liabilities of \$1 million. In connection with the acquisition, we agreed to pay up to \$3 million in cash contingent upon the achievement of certain development, product, or other milestones, and upon the continued employment with the Company of certain employees of the acquired entity. During each of the years ended November 2, 2008 and November 1, 2009, we recognized \$1 million in compensation expense, related to the continued employment of certain employees of the acquired entities. We recognized less than \$1 million cash contingent payment to the founders of the acquired entity upon the achievement of the first milestone as a purchase price adjustment during the year ended November 2, 2008. During the year ended November 1, 2009, we paid less than \$1 million in cash to shareholders of one of the acquired entities, based on the achievement of certain defined milestones, which was recorded to goodwill as additional purchase consideration.

In fiscal year 2008, we acquired the Bulk Acoustic Wave Filter, or BAW, business of Infineon Technologies AG for \$32 million in cash. The purchase price was allocated to the acquired net assets based on estimated fair values as follows: total assets of \$33 million, including intangible assets of \$12 million and goodwill of \$13 million, and total liabilities of \$1 million. The intangible assets are being amortized over their useful lives ranging from 8 to 15 years. In addition, during the first quarter of fiscal year 2009, we recorded less than \$1 million of additional transaction costs to goodwill related to the BAW acquisition.

During fiscal year 2009, we completed the acquisition of a manufacturer of motion control encoders from a Japan-based company for \$7 million in cash, net of cash acquired. The purchase price was allocated to the acquired net assets based on estimates of fair values as follows: total assets of \$11 million, including intangible assets of \$4 million, goodwill of \$1 million and total liabilities of \$4 million. The intangible assets are being amortized over their useful lives ranging from 17 to 25 years.

During fiscal year 2010, we acquired certain assets and assumed certain liabilities of a China-based company engaged in the manufacturing of motion control encoder products for \$8 million in cash. We have adopted the new authoritative guidance on business combinations during the first quarter of fiscal year 2010, and the acquisition was accounted for in accordance with this guidance. The purchase price was allocated to the acquired net assets based on estimates of fair values as follows: total assets of \$11 million, including intangible assets of \$5 million, goodwill of \$1 million, and total liabilities of \$3 million. The intangible assets are being amortized over their useful lives ranging from 9 to 25 years.

The consolidated financial statements include the results of operations of the acquired companies commencing on their respective acquisition dates. Pro forma results of operations for the acquisitions completed in the fiscal years ended November 2, 2008, November 1, 2009 and October 31, 2010 have not been presented because the effects of the acquisitions, individually or in the aggregate, were not material to our consolidated financial statements.

Investments

We record at cost non-marketable investments where we do not have the ability to exercise significant influence or control and periodically review them for impairment. During the fiscal year 2008, we made an investment of \$2 million in a privately-held company. This investment is accounted for under the cost method and is included on the balance sheet in other long-term assets. This investment was impaired during the year ended November 1, 2009.

During fiscal year 2010, we made another investment of \$2 million in a privately-held company. The investment is accounted for under the cost method and is included on the balance sheet in other long-term assets.

4. Balance Sheet Components

Inventory

Inventory consists of the following (in millions):

	November 1, 2009	October 31, 2010
Finished goods	\$ 70	\$ 61
Work-in-process	70	96
Raw materials	22	32
Total inventory	<u>\$ 162</u>	<u>\$ 189</u>

During the fiscal year ended October 31, 2010, we recorded write-downs to inventories of \$15 million, associated with reduced demand assumptions, compared to write-downs to inventories of \$23 million recorded during the fiscal year ended November 1, 2009.

Other Current Assets

Other current assets consist of the following (in millions):

	November 1, 2009	October 31, 2010
Prepayments	\$ 17	\$ 13
Deferred income tax assets	10	18
Non-U.S. transaction tax receivable	5	5
Other	12	16
Total other current assets	\$ 44	\$ 52

Property, Plant and Equipment, Net

Property, plant and equipment, net consist of the following (in millions):

	November 1, 2009	October 31, 2010
Land	\$ 11	\$ 11
Buildings and leasehold improvements	128	130
Machinery and equipment	419	499
Total property, plant and equipment	558	640
Accumulated depreciation and amortization	(294)	(359)
Total property, plant and equipment, net	\$ 264	\$ 281

Depreciation expense was \$74 million, \$81 million and \$80 million, for the years ended November 2, 2008, November 1, 2009 and October 31, 2010, respectively.

At November 1, 2009 and October 31, 2010, machinery and equipment included \$41 million and \$50 million of software costs, respectively, and accumulated amortization included \$29 million and \$36 million, respectively.

At November 1, 2009 and October 31, 2010, we had \$11 million and \$14 million of gross carrying amount of assets under capital leases, respectively, and accumulated amortization of \$6 million and \$8 million, respectively.

At November 1, 2009, property, plant and equipment held for sale with the gross carrying amount of \$1 million and accumulated depreciation of less than \$1 million were included in property, plant and equipment. At October 31, 2010, no property, plant and equipment was held for sale.

Other Current Liabilities

Other current liabilities consist of the following (in millions):

	November 1, 2009	October 31, 2010
Income and other taxes payable	\$ 1	\$ 6
Deferred revenue	5	7
Supplier liabilities	3	3
Restructuring charges	3	—
Warranty	7	17
Other	14	8
Total other current liabilities	\$ 33	\$ 41

5. Goodwill and Intangible Assets

Goodwill

The following table summarizes changes in goodwill (in millions):

Balance as of November 2, 2008	\$ 169
2009 acquisitions (Note 3. "Acquisitions and Investments")	2
Balance as of November 1, 2009	171
2010 acquisitions (Note 3. "Acquisitions and Investments")	1
Balance as of October 31, 2010	<u>\$ 172</u>

Intangible Assets

Amortizable purchased intangibles consist of the following (in millions):

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
As of November 1, 2009:			
Purchased technology	\$ 727	\$ (231)	\$ 496
Customer and distributor relationships	249	(99)	150
Other	3	(2)	1
Total	<u>\$ 979</u>	<u>\$ (332)</u>	<u>\$ 647</u>
As of October 31, 2010			
Purchased technology	\$ 727	\$ (290)	\$ 437
Customer and distributor relationships	254	(120)	134
Other	4	(2)	2
Total	<u>\$ 985</u>	<u>\$ (412)</u>	<u>\$ 573</u>

The following table presents the amortization of purchased intangible assets (in millions):

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Cost of products sold	\$ 57	\$ 58	\$ 58
Operating expenses	28	21	21
Total	<u>\$ 85</u>	<u>\$ 79</u>	<u>\$ 79</u>

During the year ended November 2, 2008, we recorded \$11 million and \$12 million of intangible assets with weighted average amortization period of 7 years and 12 years, respectively, in connection with acquisitions in 2008. During the same period, we also acquired \$6 million of intangible assets from a third-party with weighted-average amortization period of 18 years. During the fiscal year ended November 1, 2009, we recorded \$4 million in intangible assets with weighted average amortization period of 19 years in conjunction with an acquisition. During the same period, we also acquired \$1 million of intangible assets from a third-party with weighted average amortization period of 17 years. During the fiscal year ended October 31, 2010, we recorded \$5 million of intangible assets with weighted average amortization period of 11 years in conjunction with an acquisition completed during fiscal year 2010. See Note 3. "Acquisitions and Investments."

Based on the amount of intangible assets subject to amortization at October 31, 2010, the expected amortization expense for each of the next five fiscal years and thereafter is as follows (in millions):

Fiscal Year	Amount
2011	\$ 77
2012	77
2013	77
2014	77
2015	76
Thereafter	189
	<u>\$ 573</u>

The weighted average amortization periods remaining by intangible asset category at October 31, 2010 were as follows (in years):

	November 1, 2009	October 31, 2010
Amortizable intangible assets:		
Purchased technology	10	9
Customer and distributor relationships	8	8
Other	25	22

6. Retirement Plans and Post-Retirement Benefits

Non-U.S. Defined Benefit Plans. We have defined benefit plans in Taiwan, Korea, Japan, Germany, Italy and France.

401(k) Defined Contribution Plan. Our U.S. eligible employees participate in the Avago Technologies U.S. Inc. 401(k) Plan, or the 401(k) Plan. Enrollment in the 401(k) Plan is automatic for employees who meet eligibility requirements unless they decline participation. Under the 401(k) Plan, we provide matching contributions to employees up to a maximum of 4% of an employee's annual eligible compensation. The maximum contribution to the 401(k) Plan is 50% of an employee's annual eligible compensation, subject to regulatory and plan limitations. The 401(k) Plan expense is included in the corporate employee overhead rate allocation.

U.S. Deferred Compensation Plan. We also have a deferred compensation plan, which allows highly compensated employees (as defined by IRS regulations) to defer greater percentages of compensation than would otherwise be permitted under the salary deferral 401(k) plan and IRS regulations. The deferred compensation plan is a non-qualified plan of deferred compensation maintained in a rabbi trust. Participants can direct the investment of their deferred compensation plan accounts in the same investment funds offered by the 401(k) plan.

U.S. Post-Retirement Medical Benefit Plans. A portion of our U.S. employees who meet retirement eligibility requirements as of their termination dates may receive post-retirement medical benefits under our retiree medical account program. Under our retiree medical account program, eligible retirees are allocated a spending account of either \$40,000 or \$55,000, depending on the retiree's age at January 1, 2005, from which the retiree can receive reimbursement for premiums paid for medical coverage to age 65. Certain U.S. employees who were age 50 or over on January 1, 2005 may be eligible for our traditional retiree medical plan upon meeting certain eligibility requirements and certain service criteria. Once participating in the traditional retiree medical plan, retirees are provided with access to both pre-65 medical coverage and supplemental Medicare coverage with medical premiums based on the type of coverage chosen and service criteria. Retirees in this group are also given the option to choose the \$55,000 retiree medical account program instead of the traditional retiree medical plan.

Non-U.S. Retirement Benefit Plans. In addition to the defined benefit plan for certain employees in Taiwan, Korea, Japan, France, Italy and Germany, other eligible employees outside of the U.S. receive retirement benefits under various defined contribution retirement plans. Eligibility is generally determined based on the terms of our plans and local statutory requirements.

The net pension plan costs of our non-U.S. defined benefit plans for the years ended November 2, 2008, November 1, 2009 and October 31, 2010 were \$3 million, \$2 million and \$3 million, respectively. The net pension plan costs for the year ended November 1, 2009 is net of \$1 million of curtailment gain, related to our restructuring activities. See Note 10. "Restructuring Charges." The net pension plan costs of our post-retirement medical plan for the years ended November 2, 2008, November 1, 2009 and October 31, 2010 were \$1 million each.

For the year ended November 2, 2008, we recognized \$3 million in accumulated other comprehensive income (net of tax of \$1 million), related to our non U.S. defined benefit plans, which consists of unrealized net actuarial gains, of which we recognized less than \$1 million as components of net periodic benefit costs over fiscal year ended November 1, 2009. We also recognized \$2 million in accumulated other comprehensive income (net of tax of \$1 million) for the year ended November 2, 2008, related to our U.S. post-retirement benefit plans, which consists of unrealized net actuarial gains, of which we recognized \$1 million as components of net periodic benefit costs over fiscal year 2009. During the year ended November 1, 2009, we recognized \$6 million of unrealized net actuarial losses in accumulated other comprehensive income (net of tax of \$1 million), related to our U.S. post-retirement benefit plans. During the year ended October 31, 2010, we recognized \$1 million of unrealized net actuarial losses in accumulated other comprehensive loss (net of tax of \$1 million), related to our U.S. post-retirement medical plans. Of the unrealized prior service cost included in accumulated other comprehensive loss, related to our U.S. post-retirement medical plans, we expect to recognize less than \$1 million in fiscal year 2011. For the year ended October 31, 2010, we recognized \$6 million of unrealized net actuarial losses in accumulated other comprehensive loss (net of tax of \$1 million), related to our non U.S. defined benefit plans. Of the unrealized net actuarial losses included in accumulated other comprehensive loss, related to our non U.S. defined benefit plans, we expect to recognize less than \$1 million in fiscal year 2011. Other long-term assets include deferred tax assets relating to pension liabilities and post-retirement medical benefit plan liabilities.

Funded Status. The funded status of the U.S. post-retirement medical benefit plans and non-U.S. defined benefit plans was as follows (in millions):

	Non-U.S. Defined Benefit Plans		U.S. Post Retirement Medical Plans	
	November 1, 2009	October 31, 2010	November 1, 2009	October 31, 2010
Change in plan assets:				
Fair value — beginning of period	\$ 11	\$ 13	\$ —	\$ —
Employer contributions	3	—	—	—
Payments from plan assets	(1)	—	—	—
Fair value of plan assets — end of period	\$ 13	\$ 13	\$ —	\$ —
Change in benefit obligation:				
Benefit obligation — beginning of period	\$ 19	\$ 21	\$ 14	\$ 21
Service cost	2	2	—	1
Interest cost	1	1	1	1
Actuarial loss	—	7	6	2
Curtailment gain	(1)	—	—	—
Benefit obligation — end of period	\$ 21	\$ 31	\$ 21	\$ 25
Net accrued costs:				
Plan assets less than benefit obligation	\$ (8)	\$ (18)	\$ (21)	\$ (25)
Unrecognized net actuarial loss and prior service cost	4	7	3	2
Accumulated other comprehensive loss	(4)	(7)	(3)	(2)
	\$ (8)	\$ (18)	\$ (21)	\$ (25)

Amounts recognized in the consolidated balance sheets were as follows (in millions):

	Non-U.S. Defined Benefit Plans		U.S. Post Retirement Medical Plans	
	November 1, 2009	October 31, 2010	November 1, 2009	October 31, 2010
Other current liabilities	\$ 1	\$—	\$ 1	\$ 1
Other long-term liabilities	\$ 7	\$18	\$20	\$24
Accumulated other comprehensive income (loss) net of taxes	\$ 3	\$ (3)	\$ 1	\$ (1)

As of November 1, 2009 and October 31, 2010, the amounts of the obligations for our non-U.S. defined benefit plans were as follows (in millions):

	Non-U.S. Defined Benefit Plans	
	November 1, 2009	October 31, 2010
Aggregate projected benefit obligation ("PBO")	\$21	\$31
Aggregate accumulated benefit obligation ("ABO")	\$18	\$25

We currently expect to make contributions of less than \$1 million and \$1 million, respectively, to our non-U.S. defined benefit plans and U.S. post-retirement medical benefit plans in fiscal year 2011. It is expected that as of October 31, 2010 various benefit plans will make payments over the next ten fiscal years as follows (in millions):

	Non-U.S. Defined Benefit Plans	U.S. Post Retirement Medical Plans
2011	\$—	\$ 1
2012	1	1
2013	1	1
2014	1	1
2015	1	1
2016-2020	8	10

Our non-U.S. defined benefit pension plans weighted average asset allocations by category were:

	Non-U.S. Defined Benefit Plans			
	November 1, 2009		October 31, 2010	
	Actual	Target	Actual	Target
Fixed income	0%	0%	96%	96%
Time deposits	90	90	—	—
Other	10	10	4	4
Total	100%	100%	100%	100%

Investment Policy. Plan assets of the funded defined benefit pension plans are invested in funds held by third-party fund managers or are deposited into government-managed accounts in which we are not actively involved with and have no control over investment strategy. The plan assets held by third-parties consist primarily of fixed income funds and cash. The fund manager monitors the fund's asset allocation within the guidelines established by the plan's Investment Committee. In line with plan investment objectives and consultation with our management, the Investment Committee set an allocation benchmark among equity, bond and other assets based on the relative weighting of overall international market indices. The overall investment objectives of the plan are 1) the acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet current and future plan benefits, 2) to limit the risk of the assets failing to meet the long term liabilities of the plan and 3) to minimize the long term costs of the plan by maximizing the return on the assets. Performance is regularly evaluated by the Investment Committee and is based on actual returns achieved by the fund manager relative to its benchmark.

Fair Value Measurement of Plan Assets The following table presents the fair value of plan assets by major categories using the same three-level hierarchy described in Note 8. "Fair Value" (in millions):

	Fair Value Measurement as of October 31, 2010 Using	
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:		
Fixed income	\$ 12	\$ —
Other	—	1
Total assets	\$ 12	\$ 1

Fixed income assets consist primarily of funds that invest in Euro-denominated government bonds. These government bonds are valued at quoted prices reported in the active market.

Assumptions. The assumptions used to determine the benefit obligations and expense for our defined benefit and post-retirement benefit plans are presented in the table below. The expected long-term return on assets below represents an estimate of long-term returns on investment portfolios primarily consisting of fixed income investments. We consider long-term rates of return, which are weighted, based on the asset classes (both historical and forecasted) in which we expect our pension and post-retirement funds to be invested. Discount rates reflect the current rate at which pension and post-retirement obligations could be settled based on the measurement dates of the plans, which is our fiscal year end for the defined benefit and post retirement plans. The range of assumptions that are used for non-U.S. defined benefit plans reflects the different economic environments within various countries.

	Assumptions for Benefit Obligation as of		Assumptions for Expense Year Ended		
	November 1, 2009	October 31, 2010	November 2, 2008	November 1, 2009	October 31, 2010
Non-U.S. Defined Benefit Plans:					
Discount rate	2.00%-6.50%	1.50%-5.00%	2.25%-5.25%	2.25%-6.50%	2.00%-6.50%
Average increase in compensation levels	2.50%-5.00%	2.50%-5.00%	3.00%-5.00%	2.50%-5.00%	2.50%-5.00%
Expected long-term return on assets	1.50%-5.25%	1.50%-4.00%	2.75%-5.60%	3.00%-5.25%	1.50%-5.25%

	Assumptions for Benefit Obligation as of		Assumptions for Expense Year Ended		
	November 1, 2009	October 31, 2010	November 2, 2008	November 1, 2009	October 31, 2010
U.S. Post-Retirement Medical Plan:					
Discount rate	5.50%	5.00%	6.00%	8.50%	5.50%
Current medical cost trend rate	9.00%	9.00%	9.00%	9.00%	9.00%
Ultimate medical cost trend rate	5.00%	4.50%	5.00%	5.00%	5.00%
Medical cost trend rate decreases to ultimate trend rate in year	2019	2025	2012	2013	2019

Changes in the assumed healthcare trend rates could have a significant effect on the amounts reported for the post-retirement medical plans. A one percentage point change in the assumed health care cost trend rates for the year ended October 31, 2010 would have the following effects:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on U.S. Post-Retirement benefit obligation (in millions)	\$ 2	\$ (2)
Percentage effect on U.S. Post-Retirement benefit obligation	9.4%	(7.8)%

A one percentage point increase or decrease in our healthcare cost trend rates would have increased or decreased the service and interest cost components of the net periodic benefit cost by less than \$1 million.

7. Senior Credit Facility and Borrowings

Our senior credit facility and borrowings as of November 1, 2009 and October 31, 2010 consist of the following (in millions):

	<u>November 1, 2009</u>	<u>October 31, 2010</u>
Notes:		
10 ¹ / ₈ % senior notes due 2013	\$ 318	\$ —
Senior floating rate notes due 2013	46	—
11 ⁷ / ₈ % senior subordinated notes due 2015	230	230
	<u>594</u>	<u>230</u>
Less: Current portion of long-term debt	364	230
Long-term debt	\$ 230	\$ —

Senior Credit Facility

In connection with the SPG Acquisition, we entered into a senior credit agreement with a syndicate of financial institutions. The senior secured credit facilities initially consisted of (i) a seven-year \$725 million term loan facility and (ii) a six-year, \$250 million revolving credit facility for general corporate purposes. As of October 31, 2006, the term loan facility had been permanently repaid in full and may not be redrawn. The revolving credit facility was increased to \$375 million in the fourth quarter of fiscal year 2007. During fiscal year 2008, our revolving credit facility was impacted by the bankruptcy of Lehman Brothers Holdings Inc., or Lehman. As a result of the bankruptcy, we could no longer utilize Lehman's credit commitment of \$60 million, thus reducing total availability under our revolving credit facility to \$315 million. In July 2009, Lehman assigned \$35 million of its credit commitment to Barclays Bank PLC, which resulted in total availability under our revolving credit facility increasing to \$350 million.

The revolving credit facility includes borrowing capacity available for letters of credit and for borrowings on same-day or one-day notice referred to as swingline loans and is available to us and certain of our subsidiaries in U.S. dollars and other currencies. As of November 1, 2009, we had no borrowings outstanding under the revolving credit facility, although we had \$17 million of letters of credits outstanding under the facility. We drew \$475 million under our term loan facility to finance a portion of the SPG Acquisition. On January 26, 2006, we drew the full \$250 million under the delayed-draw portion of our term loan facility to retire all of our redeemable convertible preference shares. We used the net proceeds from the sale of our Storage Business and Printer ASICs Business to permanently repay borrowings under our term loan facility. Costs of approximately \$19 million incurred in relation to the term loan facility were initially capitalized as debt issuance costs, amortized over the expected term as additional interest expense and unamortized costs were written off in conjunction with the repayment of the term loan facility.

Interest Rate and Fees: Borrowings under the senior credit agreement bear interest at a rate equal to an applicable margin plus, at our option, either (a) a base rate determined by reference to the higher of (1) the United States prime rate and (2) the federal funds rate plus 0.5% (or an equivalent base rate for loans originating outside the United States, to the extent available) or (b) a LIBOR rate (or the equivalent thereof in the relevant jurisdiction)

determined by reference to the costs of funds for deposits in the currency of such borrowing for the interest period relevant to such borrowing adjusted for certain additional costs. At November 1, 2009, the lender's base rate was 3.25% and the one-month LIBOR rate was 0.24%. The applicable margin for borrowings under the revolving credit facility is 0.75% with respect to base rate borrowings and 1.75% with respect to LIBOR borrowings. At October 31, 2010, the lender's base rate was 3.25% and the one-month LIBOR rate was 0.25%.

We are required to pay a commitment fee to the lenders under the revolving credit facility with respect to any unutilized commitments thereunder. At November 1, 2009 and October 31, 2010, the commitment fee on the revolving credit facility was 0.375% per annum. We must also pay customary letter of credit fees. The commitment fee is expensed as additional interest expense.

Maturity: Principal amounts outstanding under the revolving credit facility are due and payable in full on December 1, 2011. As of November 1, 2009 and October 31, 2010, we had no borrowings outstanding under the revolving credit facility, although we had \$17 million and \$11 million, respectively, of letters of credit outstanding under the facility, which reduce the amount available on a dollar-for-dollar basis.

Certain Covenants and Events of Default: The senior credit agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, our and our subsidiaries' ability to:

- incur additional debt or issue shares;
- create liens on assets;
- enter into sale-leaseback transactions;
- engage in mergers or consolidations;
- transfer or sell assets;
- pay dividends and distributions, repurchase our capital stock or make other restricted payments;
- make investments, loans or advances;
- make capital expenditures;
- repay subordinated indebtedness;
- make certain acquisitions;
- amend material agreements governing our subordinated indebtedness;
- change our lines of business; and
- change the status of our direct wholly owned subsidiary, Avago Technologies Holdings Pte. Ltd., as a passive holding company.

All obligations under the senior credit facility, and the guarantees of those obligations, are secured by substantially all of our assets and that of each guarantor subsidiary, subject to certain exceptions.

In addition, the senior credit agreement requires us to maintain senior secured leverage ratios not exceeding levels set forth in the senior credit agreement. The senior credit agreement also contains certain customary affirmative covenants and events of default, including a cross-default triggered by certain events of default under our other material debt instruments.

Senior Notes and Senior Subordinated Notes

In connection with the SPG Acquisition, we completed a private placement of \$1,000 million principal amount of unsecured debt consisting of (i) \$500 million principal amount of 10 1/8% senior notes due December 1, 2013, or senior fixed rate notes, (ii) \$250 million principal amount of senior floating rate notes due June 1, 2013, or senior floating rate notes and, together with the senior fixed rate notes, the senior notes, and (iii) \$250 million principal amount of 11 7/8% senior subordinated notes due December 1, 2015, or senior subordinated notes. The senior notes and the senior subordinated notes are collectively referred to as our outstanding notes. We received proceeds of

\$966 million, net of \$34 million of related transaction expenses. Such transaction expenses are deferred as debt issuance costs and are being amortized over the life of the loans as incremental interest expense.

Interest is payable on the senior fixed rate notes and the senior subordinated notes on a semi-annual basis at a fixed rate of 10.125% and 11.875%, respectively, per annum. Interest is payable on the senior floating rate notes on a quarterly basis at a rate of three-month LIBOR plus 5.5%. The rate for the senior floating rate notes was 5.85% at November 2, 2009.

We were permitted to redeem all or any part of the senior fixed rate notes at any time prior to December 1, 2009 at a redemption price equal to 100% of the principal amount of the notes redeemed plus a defined premium and accrued but unpaid interest through the redemption date. We were permitted to redeem the senior floating rate notes on or after December 1, 2007 and the senior fixed rate notes on or after December 1, 2009 at fixed redemption prices set forth in the indenture governing the senior notes plus accrued but unpaid interest through the redemption date. We repurchased or redeemed all of our remaining outstanding senior notes during fiscal years 2009 and 2010. See "Debt Repayments" below for additional information.

We were permitted to redeem all or any part of the senior subordinated notes (i) at any time prior to December 1, 2010 at a redemption price equal to 100% of the principal amount of the notes redeemed plus a defined premium and accrued but unpaid interest through the redemption date, and (ii) on or after December 1, 2010 at fixed redemption prices set forth in the indenture governing the senior subordinated notes plus accrued but unpaid interest through the redemption date. We redeemed all of the remaining outstanding senior subordinated notes on December 1, 2010. See Note 18, "Subsequent Events," for additional information.

The senior notes were unsecured and effectively subordinated to all of our existing and future secured debt (including obligations under our senior credit agreement), to the extent of the value of the assets securing such debt. The senior subordinated notes were unsecured and subordinated to all of our existing and future senior indebtedness, including our senior credit agreement and the senior notes.

Certain of our subsidiaries guaranteed the obligations under the senior credit agreement, and previously guaranteed the obligations under the senior notes on a senior unsecured basis, and the obligations under the senior subordinated notes on a senior subordinated unsecured basis.

The indentures governing our outstanding notes limited our and our subsidiaries' ability to:

- incur additional indebtedness and issue disqualified stock or preferred shares;
- pay dividends or make other distributions on, redeem or repurchase our capital stock or make other restricted payments;
- make investments, acquisitions, loans or advances;
- incur or create liens;
- transfer or sell certain assets;
- engage in sale and lease back transactions;
- declare dividends or make other payments to us;
- guarantee indebtedness;
- engage in transactions with affiliates; and
- consolidate, merge or transfer all or substantially all of our assets.

Subject to certain exceptions, the indentures governing our outstanding notes permitted us and our restricted subsidiaries to incur additional indebtedness, including secured indebtedness. In addition, the indentures contained customary events of default provisions, including a cross-default provision triggered by certain events of default under our senior credit agreement.

Debt Repayments

During fiscal year 2008, we redeemed \$200 million in principal amount of the senior floating rate notes. We redeemed the senior floating rate notes at 2% premium of the principal amount, plus accrued interest, resulting in a loss on extinguishment of debt of \$10 million, which consisted of the \$4 million premium and a \$6 million write-off of debt issuance costs and other related expenses.

During fiscal year 2009, we repurchased \$85 million in principal amount of senior fixed rate notes, \$17 million in principal amount of senior subordinated notes and \$4 million in principal amount of senior floating rate notes as part of an early tender offer, resulting in a loss on extinguishment of debt of \$9 million, consisting of \$6 million in premium and a write-off of \$3 million debt issuance costs and other related expenses. We also repurchased \$3 million in principal amount of senior subordinated notes from the open market, resulting in a gain on extinguishment of debt of \$1 million.

During fiscal year 2010, we redeemed \$318 million in principal amount of senior fixed rate notes and \$46 million in principal amount of the senior floating rate notes. We redeemed the senior fixed rate notes and senior floating rate notes at 5.063% premium of the principal amount and no premium, respectively, plus accrued interest, resulting in a loss on extinguishment of debt of \$24 million, which consisted of \$16 million premium and an \$8 million write-off of debt issuance costs and other related expenses.

Debt Issuance Costs

Unamortized debt issuance costs associated with the notes and the secured senior credit facility were \$16 million and \$6 million at November 1, 2009 and October 31, 2010, respectively, and are included in other current assets and other long-term assets on the balance sheet. For the fiscal year 2010, we reclassified \$5 million unamortized debt issuance costs related to the senior subordinated notes from long-term to short-term assets associated with the irrevocable announcement to redeem our remaining \$230 million aggregate principal outstanding of senior subordinated notes. Refer to Note 18. "Subsequent Events," for more information. Amortization of debt issuance costs is classified as interest expense in the consolidated statement of operations.

8. Fair Value

Fair Value Measurements

We adopted ASC 820 "Fair Value Measurements and Disclosures," or ASC 820, at the beginning of fiscal year 2009. The adoption of ASC 820 did not impact our results of operations and financial position. ASC 820 is effective for nonfinancial assets and liabilities in financial statements issued for fiscal years beginning after November 15, 2008, which is our fiscal year 2010.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three level hierarchy is applied to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the guidance for fair value measurements are described below:

Level 1 — Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Our Level 1 assets include money market funds, time deposits and investment funds — deferred compensation plan assets. We measure money market funds and investment funds at quoted market price as they are traded in an active market with sufficient volume and frequency of transactions. Time deposits are highly liquid with maturities of ninety days or less. Due to their short-term maturities, we have determined that the fair value of time deposits should be at face value.

Level 2 — Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a

Level 2 input must be observable for substantially the full term of the asset or liability. We did not have any Level 2 assets or liability activities during the year ended October 31, 2010.

Level 3 — Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any market activity for the asset or liability at the measurement date.

Level 3 assets and liabilities include cost method investments, goodwill, amortizable intangible assets, and property, plant and equipment, which are measured at fair value using a discounted cash flow approach when they are impaired. We did not have any Level 3 asset or liability activities during the year ended October 31, 2010.

Assets Measured at Fair Value on a Recurring Basis

The table below sets forth by level our financial assets that were accounted for at fair value as of October 31, 2010. The table does not include cash on hand and also does not include assets that are measured at historical cost or any basis other than fair value (in millions):

	October 31, 2010	
	Portion of Carrying Value Measured at Fair Value	Fair Value Measurement Using Quoted Prices in Active Market for Identical Assets (Level 1) as of
Money Market Funds(1)	\$ 100	\$ 100
Time deposits(1)	317	317
Investment Funds — Deferred Compensation Plan Assets(2)	3	3
Total assets measured at fair value	\$ 420	\$ 420

- (1) Included in cash and cash equivalents in our consolidated balance sheet
- (2) Included in other current assets in our consolidated balance sheet

During the year ended October 31, 2010, there were no material transfers between Level 1 and Level 2 fair value instruments.

Assets Measured at Fair Value on a Nonrecurring Basis

There were no non-financial assets or liabilities measured at fair value as of October 31, 2010.

Fair Value of Other Financial Instruments

The following table presents the carrying amounts and fair values of financial instruments as of November 1, 2009 and October 31, 2010 (in millions):

	November 1, 2009		October 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Variable rate debt	\$ 46	\$ 45	\$ —	\$ —
Fixed rate debt	548	586	230	247

The fair values of cash and cash equivalents, trade accounts receivable, accounts payable and accrued liabilities, to the extent the underlying liability will be settled in cash, approximate carrying values because of the short-term nature of these instruments. The fair value of our long-term and current portion of long-term debt is based on quoted market rates. See Note 7. "Senior Credit Facility and Borrowings."

9. Shareholders' Equity

In August 2009, we completed the initial public offering, or IPO, of our ordinary shares in which we sold 21,500,000 shares and our existing shareholders and certain employees sold 28,180,000 shares (including

6,480,000 shares sold in connection with the underwriters' exercise of their over-allotment option in full) at a public offering price of \$15.00 per share. The net proceeds of the IPO to us were \$296 million after deducting the underwriters' discounts and commission and offering expenses. We used a portion of the net proceeds to pay to affiliates of Kohlberg Kravis Roberts and Co., or KKR, and Silver Lake Partners, or Silver Lake, and together with KKR, the Sponsors, \$54 million in connection with the termination of our advisory agreement pursuant to its terms (with one-half payable to each equity sponsor). During the fourth fiscal quarter of 2009, we also used \$106 million of the net proceeds from our IPO to repay a portion of our long-term indebtedness.

On January 27, 2010, our registration statement filed with the SEC in connection with the public offering and sale by certain shareholders of the Company of an aggregate of 25,000,000 of the Company's ordinary shares, or the January Offering, was declared effective. The January Offering closed on February 2, 2010, and 25,000,000 shares were sold to the public at a price per share of \$17.41 including a \$0.41 per share discount to the underwriters. We did not receive any proceeds from the sale of shares sold in the January Offering other than proceeds from options exercised by certain shareholders in connection with the sale of shares by them in the January Offering. On February 23, 2010, the underwriters exercised their option in full to purchase from certain selling shareholders up to an additional 3,750,000 ordinary shares to cover over-allotments, which transaction closed on February 26, 2010.

On August 6, 2010, we filed a shelf registration statement on Form S-3 with the SEC, through which we may sell from time to time any combination of ordinary shares, debt securities, warrants, rights, purchase contracts and units, in one or more offerings. On August 13, 2010 certain of our shareholders offered and sold 14,905,000 of our ordinary shares in a registered public offering ("the August Offering"). The August Offering closed on August 18, 2010. We did not receive any proceeds from the sale of shares sold in the August Offering other than proceeds from options exercised by certain shareholders in connection with the sale of shares by them in the August Offering.

Ordinary and Redeemable Convertible Preference Shares

During fiscal year 2008, we repurchased a total of 471,000 ordinary shares from terminated employees for \$4 million cash and issued 28,509 ordinary shares for less than \$1 million. During fiscal year 2009, in connection with our IPO, we issued 21,500,000 ordinary shares for \$300 million, net of \$19 million in underwriters' discounts and commissions and \$4 million in offering costs. We also repurchased 807,800 ordinary shares from terminated employees for \$6 million cash.

At November 2, 2008, 3,056,029 ordinary shares issued to employees, respectively, are considered temporary equity under the provisions of SEC Accounting Series Release No. 268, "Presentation in Financial Statements of 'Redeemable Preferred Stocks,'" due to having a contingent cash-settlement feature upon the death or disability of the shareholder for a period of five years from the issuance of such shares. As such, approximately \$12 million recognized in ordinary shares should be considered temporary equity of the Company at November 2, 2008. By operation of Singapore law, as a result of the completion of our IPO we are no longer permitted to repurchase our shares in selective off-market transactions and therefore the contingent cash-settlement feature upon the death or disability of a shareholder has ceased to apply; as such, no ordinary shares are considered to be temporary equity at November 1, 2009 and October 31, 2010.

Share Option Plans

Effective December 1, 2005, we adopted two equity-based compensation plans, the Equity Incentive Plan for Executive Employees of Avago Technologies Limited and Subsidiaries, or the Executive Plan, and the Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and Subsidiaries, or the Senior Management Plan and, together with the Executive Plan, the Equity Incentive Plans, which have been amended, to authorize the grant of options and share purchase rights covering up to 30 million ordinary shares.

Under the Executive Plan, options generally vest at a rate of 20% per year based on the passage of time, and the passage of time and attaining certain performance criteria, in each case subject to continued employment. Those options subject to vesting based on the passage of time may accelerate by one year upon certain terminations of employment. Under the Senior Management Plan, options generally vest at a rate of 20% per year based on the passage of time and continued employment.

Under the Equity Incentive Plans, awards generally expire ten years following the date of grant unless granted to a non-employee, in which case the awards generally expire five years following the date of grant and are granted at a price equal to the fair market value. Since our IPO, we no longer make any further grants under the Equity Incentive Plans.

In July 2009, our board of directors adopted, and our shareholders approved, the Avago Technologies Limited 2009 Equity Incentive Award Plan, or the 2009 Plan, to authorize the grant of options, share appreciation rights, restricted share units, dividend equivalents, performance awards, and other share-based awards. 20 million ordinary shares are initially reserved for issuance under the 2009 Plan, subject to annual increases starting in calendar year 2012. The 2009 Plan became effective upon closing of our IPO in August 2009. Under the 2009 Plan, options generally expire ten years following the date of grant and options generally vest over a four year period from the date of grant. Any share options cancelled under the Equity Incentive Plan become available for issuance under the 2009 Plan.

Starting in the fourth quarter of fiscal year 2010, the Compensation Committee of our Board of Directors approved the grant of less than 100,000 restricted share units, or RSUs, to certain senior members of management. RSUs are restricted shares that are granted with the exercise price equal to zero and are converted to shares immediately upon vesting. These RSU awards are time based and expected to vest over four years. The fair value of the RSU awards is based on the closing market price of our common stock on the date of award. Compensation expense associated with these RSU awards was not material to fiscal year 2010 results.

A summary of option and restricted share award activity related to our equity incentive plans follows (in millions, except years and per share amounts):

	Awards Outstanding				
	Awards Available for Grant	Number Outstanding	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding as of October 31, 2007	6	20	\$ 6.07		
Granted	(5)	5	\$10.42		
Cancelled	4	(4)	\$ 6.10		
Balance as of November 2, 2008	<u>5</u>	<u>21</u>	\$ 7.03		
Shares authorized under 2009 Plan	20				
Granted	(7)	7	\$12.56		
Exercised	—	(2)	\$ 4.86		
Cancelled	<u>2</u>	<u>(2)</u>	\$ 7.33		
Balance as of November 1, 2009	<u>20</u>	<u>24</u>	\$ 8.69		
Granted	(5)	5	\$19.52		
Exercised	—	(4)	\$ 6.46		
Cancelled	<u>2</u>	<u>(2)</u>	\$10.88		
Balance as of October 31, 2010	<u>17</u>	<u>23</u>	\$11.50	7.41	\$307
Vested as of October 31, 2010		7	\$ 7.37	5.99	\$129
Vested and expected to vest as of October 31, 2010		22	\$11.19	7.29	\$290

The following table summarizes significant ranges of outstanding and exercisable awards as of October 31, 2010 (in millions, except years and per share amounts):

Exercise Prices	Awards Outstanding			Awards Exercisable	
	Number Outstanding	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price per Share	Number Exercisable	Weighted-Average Exercise Price per Share
\$0.00-5.00	6	5.07	\$ 4.90	4	\$ 4.93
5.01-10.00	3	8.00	\$ 9.02	1	\$ 8.28
10.01-15.00	8	7.48	\$11.69	2	\$10.94
15.01-20.00	2	9.10	\$17.54	—	\$17.02
20.01-25.00	4	9.74	\$20.45	—	\$ —
Total	23	7.41	\$11.50	7	\$ 7.37

Employee Share Purchase Plan

In September 2010, we implemented the Avago Employee Share Purchase Plan, as amended and restated in June 2010, or ESPP. The ESPP provides eligible employees with the opportunity to acquire an ownership interest in the Company through periodic payroll deductions and at a discounted purchase price, based on a six-month look-back period. The ESPP is structured as a qualified employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986. However, the ESPP is not intended to be a qualified pension, profit sharing or stock bonus plan under Section 401(a) of the Internal Revenue Code of 1986 and is not subject to the provisions of the Employee Retirement Income Security Act of 1974. The ESPP will terminate on July 27, 2019 unless sooner terminated. The first offering period started in the fourth quarter of fiscal year 2010 and ends in the second quarter of fiscal year 2011, therefore, no shares had been issued under the ESPP as at October 31, 2010. All 8 million shares authorized to be issued under the ESPP remain available for issuance as of October 31, 2010. We recorded less than \$1 million of compensation expense related to the ESPP during the fiscal year 2010.

Share-Based Compensation

For share-based awards granted after November 1, 2006, we recognize compensation expense based on the estimated grant date fair value method required under the authoritative guidance using Black-Scholes valuation model with a straight-line amortization method. Since the authoritative guidance requires that share-based compensation expense be based on awards that are ultimately expected to vest, estimated share-based compensation for such awards has been reduced for estimated forfeitures. Changes in the estimated forfeiture rates can have a significant effect on share-based compensation expense since the effect of adjusting the rate is recognized in the period the forfeiture estimate is changed. For outstanding share-based awards granted before November 1, 2006 and not modified thereafter, we continue to account for any portion of such awards under the originally applied accounting principles. As a result, performance-based awards granted before November 1, 2006 were subject to variable accounting until such options are vested, forfeited, modified or cancelled. Variable accounting requires us to value the variable options at the end of each accounting period based upon the then current fair value of the underlying ordinary shares. Accordingly, our share-based compensation was subject to significant fluctuation based on changes in the fair value of our ordinary shares.

On August 28, 2008, our Compensation Committee approved a change in the financial performance vesting targets applicable to options to purchase 3.8 million ordinary shares outstanding under our equity incentive plans, including 2.7 million options originally granted prior to the adoption of the authoritative guidance, impacting 43 employees. This change was accounted for as a modification under the authoritative guidance. As a result of this modification, all variable accounting on outstanding employee options ceased, and instead, pursuant to the authoritative guidance, we began recognizing unamortized intrinsic value of these modified options over the remaining service period.

On July 20, 2009, our Compensation Committee approved a change in the vesting schedules associated with performance-based options to purchase 2.3 million ordinary shares outstanding under our equity incentive plans. The Compensation Committee approved the amendment of performance-based options held by certain of our executive officers to provide that such options will no longer vest based on the attainment of performance targets but instead such options shall vest two years following the first date such portion could have vested had the performance goals for such portion been achieved, subject to the named executive officer's continued service with us through such vesting date. The performance-based options held by other employees were amended to provide that any portion of such options that fail to vest based upon the attainment of a performance goal shall vest on the date two years following the first date such portion could have vested had such performance goal been attained, subject to the employee's continued service with us through such vesting date. The Compensation Committee made these changes to performance-based options in light of our then current financial projections, which were lower than when the performance goals for such options were last determined, the uncertainty present in the then prevailing global economy and the importance of retaining key employees to continue in our employment following our IPO. This change has been accounted for as a modification under the authoritative guidance and as a result we expected to record approximately \$19 million in additional share-based compensation expense, net of estimated forfeitures, over the remaining weighted average service period of 4 years.

The impact on our results for both employee and non-employee share-based compensation for the years ended November 2, 2008, November 1, 2009 and October 31, 2010 was as follows (in millions):

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Cost of products sold	\$ —	\$ —	\$ 3
Research and development	3	4	8
Selling, general and administrative	12	8	14
Total share-based compensation expense	\$ 15	\$ 12	\$ 25

The weighted-average assumptions utilized for our Black-Scholes valuation model for options and ESPP rights granted during the years ended November 2, 2008, November 1, 2009 and October 31, 2010 are as follows:

	Options			ESPP
	Year Ended	Year Ended	Year Ended	
	November 2, 2008	November 1, 2009	October 31, 2010	October 31, 2010
Risk-free interest rate	3.4%	2.3%	1.9%	0.2%
Dividend yield	0%	0%	0%	0%
Volatility	44%	52%	45%	42%
Expected term (in years)	6.5	5.7	5.0	0.5

The dividend yield of zero is based on the fact that we had not declared any cash dividends as of the respective option grant dates. Expected volatility is based on the combination of historical volatility of guideline publicly traded companies over the period commensurate with the expected life of the options and the implied volatility of guideline publicly traded companies from traded options with a term of 180 days or greater measured over the last three months. The risk-free interest rate is derived from the average U.S. Treasury Strips rate during the period, which approximates the rate in effect at the time of grant. For all options granted after August 2, 2009 and a portion of options granted before August 2, 2009, our computation of expected term was based on other data, such as the data of peer companies and company-specific attributes that we believe could affect employees' exercise behavior. For the majority of options granted prior to August 2, 2009, we used the simplified method specified by the SEC's Staff Accounting Bulletin No. 107 to determine the expected term of stock options.

Based on the above assumptions, the weighted-average fair values of the options granted under the share option plans for the years ended November 2, 2008, November 1, 2009 and October 31, 2010 was \$5.08, \$5.34 and \$8.17, respectively.

Based on our historical experience of pre-vesting option cancellations, for fiscal years 2008, 2009 and 2010 we have assumed an annualized forfeiture rate of 15%, 12% and 8%, respectively, for our options. We will record additional expense if actual forfeitures are lower than we estimated, and will record a recovery of prior expense if actual forfeitures are higher than we estimated.

Total compensation cost of options granted but not yet vested as of October 31, 2010 was \$86 million, which is expected to be recognized over the remaining weighted-average service period of 3 years.

During the second quarter of fiscal year 2009, we recorded \$2 million as share-based compensation expense in connection with the employee separation agreement entered into with our former Chief Operating Officer. See Note 10. "Restructuring Charges."

10. Restructuring Charges

From time to time, the Company has initiated a series of restructuring activities intended to realign the Company's global capacity and infrastructure with demand by its customers so as to optimize the operational efficiency, which activities include reducing excess workforce and capacity, and consolidating and relocating certain facilities to lower-cost regions.

The restructuring costs include employee severance, costs related to leased facilities and other costs associated with the early termination of certain contractual agreements due to facility closures.

In January 2009, we committed to a restructuring plan intended to realign our cost structure with the then prevailing macroeconomic business conditions. The plan eliminated approximately 230 positions or 6% of our global workforce and was substantially completed in the second quarter of fiscal year 2009. In the third quarter of fiscal year 2009, we announced a further reduction in our worldwide workforce of up to 200 employees. This plan was completed in the fourth quarter of fiscal year 2009. These employment terminations occurred in various geographies and functions worldwide. In connection with these plans, we recorded \$26 million in one-time employee termination costs during the year ended November 1, 2009. As of October 31, 2010, this charge had been paid in full.

In January 2009, we committed to a plan to outsource certain manufacturing facilities in Germany. During the year ended November 1, 2009, we recorded \$5 million of one-time employee termination costs and \$1 million related to asset abandonment and other exit costs and approximately \$1 million related to excess lease costs in connection with this plan. As of October 31, 2010, the one-time employee termination costs and the excess lease costs had been paid in full.

During fiscal year 2009, we recorded and paid \$1 million of one-time employee termination costs and recognized \$2 million as share-based compensation expense in connection with the departure of our former Chief Operating Officer in January 2009.

As part of our efforts to realign our cost structure, we incurred approximately \$3 million of one-time employee termination costs and \$1 million of excess lease costs during fiscal year 2010.

The significant activity within and components of the restructuring charges during the years ended November 1, 2009 and October 31, 2010 are as follows (in millions):

	Employee Termination Costs	Asset Abandonment Costs	Excess Lease	Total
Accrued restructuring as of November 2, 2008 — included in other current liabilities	\$ 1	\$ —	\$ —	\$ 1
Charges to cost of products sold	10	1	—	11
Charges to operating expenses	22	—	1	23
Non-cash portion	—	(1)	—	(1)
Cash payments	(31)	—	—	(31)
Accrued restructuring as of November 1, 2009 — included in other current liabilities	2	—	1	3
Charges to cost of products sold	1	—	—	1
Charges to operating expenses	2	—	1	3
Cash payments	(5)	—	(2)	(7)
Accrued restructuring as of October 31, 2010 — included in other current liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

11. Income Taxes

Consequent to the incorporation of Avago in Singapore, domestic operations reflect the results of operations based in Singapore.

Components of Income Before Taxes from Continuing Operations

For financial reporting purposes, "Income (loss) from continuing operations before income taxes" included the following components (in millions):

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Domestic income (loss)	\$ 26	\$ (92)	\$ 323
Foreign income	34	56	83
Income (loss) from continuing operations before income taxes:	<u>\$ 60</u>	<u>\$ (36)</u>	<u>\$ 406</u>

Components of Provision for (Benefit from) Income Taxes

We have obtained several tax incentives from the Singapore Economic Development Board, an agency of the Government of Singapore, which provide that certain classes of income we earn in Singapore are subject to tax holidays or reduced rates of Singapore income tax. Each such tax incentive is separate and distinct from the others, and may be granted, withheld, extended, modified, truncated, complied with or terminated independently without any effect on the other incentives. In order to retain these tax benefits in Singapore, we must meet certain operating conditions specific to each incentive relating to, among other things, maintenance of a treasury function, a corporate headquarters function, specified intellectual property activities and specified manufacturing activities in Singapore. Some of these operating conditions are subject to phase-in periods through 2015. The Singapore tax incentives are presently scheduled to expire at various dates generally between 2014 and 2025, subject in certain cases to potential extensions. For the fiscal years ended November 2, 2008, November 1, 2009 and October 31, 2010, the effect of all these tax incentives, in the aggregate, was to reduce the overall provision for income taxes and reduce net loss or increase net income from what it otherwise would have been in such year by \$24 million, \$17 million and \$63 million, respectively, and increase diluted net income per share for the fiscal year ended November 2, 2008 by

\$0.11 per share, and reduce diluted net loss per share for the fiscal year ended November 1, 2009 by \$0.08, and increase diluted net income per share for the fiscal year ended October 31, 2010 by \$0.26, respectively. The tax incentives that we have negotiated in other jurisdictions are also subject to our compliance with various operating and other conditions.

Significant components of the provision for (benefit from) income taxes from continuing operations are as follows (in millions):

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Current tax expense:			
Domestic	\$ 4	\$ 3	\$ 3
Foreign	8	6	16
	<u>\$ 12</u>	<u>\$ 9</u>	<u>\$ 19</u>
Deferred tax expense (benefit)			
Domestic	\$ —	\$ (1)	\$ 1
Foreign	(9)	—	(29)
	<u>\$ (9)</u>	<u>\$ (1)</u>	<u>\$ (28)</u>
Total provision for (benefit from) income taxes	<u>\$ 3</u>	<u>\$ 8</u>	<u>\$ (9)</u>

We recorded an income tax benefit totaling \$9 million for the year ended October 31, 2010 compared to an income tax expense of \$8 million for the year ended November 1, 2009. The decrease is primarily attributable to the release of \$29 million of deferred tax asset valuation allowances, mainly associated with the Company irrevocably calling our senior subordinated notes for redemption in October 2010, partially offset by a write-off of \$6 million deferred tax assets resulting from the grant of a new tax incentive in Malaysia, and an increase in overall tax provision due to increase in worldwide income.

We continuously monitor the circumstances impacting the expected realization of our deferred tax assets. In the fourth quarter of the fiscal year of 2010, we adjusted our valuation allowance against the deferred tax assets in certain jurisdictions to properly reflect the net deferred tax assets that are more likely than not to be realized in the future. As a result, the adjustment reduced our valuation allowance and we recorded an income tax benefit of \$29 million. For additional information about the income tax valuation allowance, please see the notes in "Summary of Deferred Income Taxes" below.

In February, 2010, the Malaysian government granted us a tax holiday on our qualifying Malaysian income, which is effective for ten years beginning with our fiscal year 2009. As a result of receiving this tax incentive, we wrote down deferred tax assets of \$6 million during the quarter ended May 2, 2010 that we previously recorded in this jurisdiction.

Rate Reconciliation

A reconciliation of the expected statutory tax rate (computed at the Company's Singapore then prevailing statutory tax rate of 18% or 17%) to the actual tax rate on income from continuing operations is as follows:

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Expected statutory tax rate	18.0%	(17.0)%	17.0%
Foreign income taxed at different rates	1.9%	(1.8)%	0.8%
Advisory agreement termination fee & selling shareholder expenses	0.0%	27.2%	0.0%
Tax Holidays and Concessions	(0.1)%	9.3%	(12.8)%
Other, net	0.2%	(0.8)%	0.0%
Valuation Allowance	(15.0)%	6.7%	(7.1)%
Actual tax rate on income from continuing operations	5.0%	23.6%	(2.1)%

Summary of Deferred Income Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their basis for income tax purposes and the tax effects of net operating losses and tax credit carryforwards. The significant components of deferred tax assets and deferred tax liabilities included on the balance sheets were as follows (in millions):

	November 1, 2009	October 31, 2010
Deferred income tax assets:		
Depreciation and amortization	\$ 3	\$ —
Inventory	—	1
Trade accounts	2	2
Employee benefits	5	12
Share options	8	11
Net operating loss carryovers and credit carryovers	26	24
Other deferred income tax assets	6	4
Gross deferred income tax assets	\$ 50	\$ 54
Less valuation allowance	(32)	(4)
Deferred income tax assets	\$ 18	\$ 50
Deferred income tax liabilities:		
Depreciation and amortization	\$ 4	\$ 5
Other deferred income tax liabilities	1	—
Foreign earnings not permanently reinvested	1	2
Deferred income tax liabilities	\$ 6	\$ 7
Net deferred income tax asset	\$ 12	\$ 43

We continuously monitor the circumstances impacting the expected realization of our deferred tax assets. In the fourth quarter of the fiscal year of 2010, we adjusted our valuation allowance against the deferred tax assets in certain jurisdictions to properly reflect the net deferred tax assets that are more likely than not to be realized in the future. As a result, the adjustment reduced our valuation allowance by \$29 million. We reduced the valuation allowance after determining that certain deferred tax assets in those jurisdictions are more likely than not to be realizable due to expectations of future taxable income, carryforward periods, and other available evidence.

The above net deferred income tax asset has been reflected in the accompanying balance sheets as follows (in millions):

	November 1, 2009	October 31, 2010
Other current asset	\$ 10	\$ 18
Other current liability	(1)	(2)
Net current income tax asset	<u>\$ 9</u>	<u>\$ 16</u>
Other long-term asset	\$ 8	\$ 32
Other long-term liability	(5)	(5)
Net long-term income tax asset	<u>\$ 3</u>	<u>\$ 27</u>

As of October 31, 2010, we had Singapore net operating loss carryforwards of \$15 million, U.S. net operating loss carryforwards of \$46 million, and other foreign net operating loss carryforwards of \$8 million. The Singapore net operating losses have no limitation on utilization. U.S. federal net operating loss carryforwards, if not utilized, will begin to expire in fiscal year 2027. The other foreign net operating losses expire in various fiscal years beginning 2015.

The US Tax Reform Act of 1986 limits the use of net operating loss and tax credit carryforwards in the case of an "ownership change" of a corporation or separate return loss year limitations. Any ownership changes, as defined, may restrict utilization of carryforwards.

As of October 31, 2010, we had unrecognized deferred tax assets of approximately \$1 million attributable to excess tax deductions related to stock options, the benefit of which will be credited to equity when realized.

We consider all operating income of foreign subsidiaries not to be permanently reinvested outside Singapore. We have provided \$2 million for foreign taxes that may result from future remittances of undistributed earnings of foreign subsidiaries, the cumulative amount of which is estimated to be \$131 million and \$119 million as of November 1, 2009 and October 31, 2010, respectively.

Uncertain Tax Positions

The gross unrecognized tax benefits increased by \$3 million during fiscal year 2010, resulting in gross unrecognized tax benefit of \$27 million as of October 31, 2010.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes line in the accompanying consolidated statement of operations. Accrued interest and penalties are included within the other long-term liabilities line in the consolidated balance sheet. As of November 2, 2008, November 1, 2009 and October 31, 2010, the combined amount of cumulative accrued interest and penalties was approximately \$3 million, \$4 million and \$5 million, respectively.

A reconciliation of the beginning and ending balance of gross unrecognized tax benefits is summarized as follows (in millions):

	November 2, 2008	November 1, 2009	October 31, 2010
Beginning of period	\$ 20	\$ 18	\$ 24
Settlements and effective settlements with tax authorities and related remeasurements			
Increases in balances related to tax positions taken during prior periods	2	2	1
Decreases in balances related to tax positions taken during prior periods	(7)	—	—
Increases in balances related to tax positions taken during current period	3	4	2
End of period	<u>\$ 18</u>	<u>\$ 24</u>	<u>\$ 27</u>

A portion of our unrecognized tax benefits will affect our effective tax rate if they are recognized upon favorable resolution of the uncertain tax positions. As of October 31, 2010, approximately \$27 million of the unrecognized tax benefits would affect our effective tax rate. As of November 1, 2009, approximately \$24 million of the unrecognized tax benefits would affect our effective tax rate.

Although the timing of the resolution and/or closure on audits is highly uncertain, it is reasonably possible that the balance of gross unrecognized tax benefits could significantly change in the next 12 months. However, given the number of years remaining subject to examination, we are unable to estimate the range of possible adjustments to the balance of gross unrecognized tax benefits.

We are subject to examination by the tax authorities with respect to the periods subsequent to December 2005. We are not under Singapore income tax examination at this time. The Company is subject to Singapore income tax examinations for all years from the year ended October 31, 2006. The Company is also subject to examinations in major foreign jurisdictions, including the United States, for all years from the year ended October 31, 2006.

12. Interest Expense

Interest expense of \$86 million, \$77 million and \$34 million for the years ended November 2, 2008, November 1, 2009 and October 31, 2010, respectively, consisted primarily of (i) interest expense of \$82 million, \$73 million and \$32 million, respectively, with respect to the senior notes, senior subordinated notes, and previously outstanding debt under the senior secured credit facilities, all issued or incurred in connection with the SPG Acquisition, including commitment fees for expired credit facilities; and (ii) amortization of debt issuance costs of \$4 million, \$4 million and \$2 million, respectively.

13. Other Income (Expense), net

Other income (expense), net includes interest income, currency gains (losses) on balance sheet remeasurement and other miscellaneous items. The following table presents the detail of other income (expense), net (in millions):

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Other income	\$ —	\$ 2	\$ 3
Interest income	4	1	1
Other expense	(8)	(2)	(6)
Other income (expense), net	<u>\$ (4)</u>	<u>\$ 1</u>	<u>\$ (2)</u>

14. Discontinued Operations

Printer ASICs Business

In fiscal year 2006, we sold our Printer ASICs Business to Marvell Technology Group Ltd. for net proceeds of \$245 million in cash plus potential earn-out payments of up to \$35 million. We received \$25 million as an earn-out payment in fiscal year 2008 from Marvell and recorded these amounts as gains on discontinued operations.

Image Sensor Operations

In November 2006, we entered into a definitive agreement to sell our Image Sensor operations to Micron Technology, Inc. for \$53 million. Our agreement with Micron also provides for up to \$17 million in additional earn-out payments by Micron to us upon the achievement of certain milestones. During fiscal year 2008, we received an earn-out payment of \$6 million from Micron.

Infra-red Operations

In October 2007, we entered into a definitive agreement to sell our Infra-red operations to Lite-On Technology Corporation for \$19 million in cash, \$2 million payable upon receipt of local regulatory approvals, and the right to receive guaranteed cost reductions or rebates of \$10 million based on our future purchases of non infra-red products from Lite-On (which we recorded as an asset based on the estimated fair values of the future cost reductions or rebates). During the quarter ended August 3, 2008, we formally notified Lite-On that the first phase of planned cost reductions had not been achieved and requested that they issue a rebate of \$4.9 million. Under the agreement, we also agreed to a minimum purchase commitment of non infra-red products over the next three years. This transaction closed in January 2008 and we recorded a gain of \$3 million in the first quarter, which was reported within income from and gain on discontinued operations in the consolidated statement of operations. The transaction was subject to certain post closing adjustments in accordance with the agreement. During fiscal year 2008, we entered into settlement discussions with Lite-On regarding the remaining sales price receivable and the cost reductions and based on those discussions, determined that certain amounts due would likely not be received. As such, we recorded an overall loss from disposal of Infra-red operations of \$5 million during fiscal year 2008. During fiscal year 2009, we received the remaining \$2 million receivable from Lite-On in accordance with the finalized settlement agreement.

The following table summarizes the results of operations of the Infra-red operations, included in discontinued operations in our consolidated statements of operations for the year ended November 2, 2008 (in millions). There was no impact to the results of operations during the years ended November 1, 2009 and October 31, 2010.

	Year Ended November 2, 2008
Net revenue	\$ 4
Costs, expenses and other income, net	(4)
Loss on sale of operation	(5)
Income (loss) from and loss on discontinued operations, net of taxes	<u>\$ (5)</u>

15. Segment Information

ASC 280 "Segment Reporting," or ASC 280, establishes standards for the way public business enterprises report information about operating segments in annual consolidated financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. ASC 280 also establishes standards for related disclosures about products and services, geographic areas and major customers. We have concluded that we have one reportable segment based on the following factors: sales of semiconductors represents our only material source of revenue; substantially all products offered incorporate analog functionality and are manufactured under similar manufacturing processes; we use an integrated approach in developing our products in that discrete technologies developed are frequently integrated across many of our products; we use a common order fulfillment process and similar distribution approach for our products; and broad distributor

networks are typically utilized while large accounts are serviced by a direct sales force. The Chief Executive Officer has been identified as the Chief Operating Decision Maker as defined by ASC 280.

The following table presents net revenue and long-lived asset information based on geographic region. Net revenue is based on the geographic location of the distributors or OEMs who purchased the Company's products, which may differ from the geographic location of the end customers. Long-lived assets include property, plant and equipment and are based on the physical location of the assets (in millions):

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Net revenue:			
China	\$ 365	\$ 395	\$ 662
United States	326	245	312
Korea	130	158	200
Singapore	171	148	137
Germany	205	120	209
Rest of the World	502	418	573
	<u>\$ 1,699</u>	<u>\$ 1,484</u>	<u>\$ 2,093</u>
Long-lived assets:			
United States		\$ 132	\$ 147
Singapore		37	35
Malaysia		28	28
Rest of the World		67	71
		<u>\$ 264</u>	<u>\$ 281</u>

16. Related Party Transactions

Kohlberg Kravis Roberts & Co., or KKR, and Silver Lake Partners, or Silver Lake

As of October 31, 2010, KKR and Silver Lake together, the Sponsors, through their investments in Bali Investments S.à.r.l., indirectly own approximately 48% of our shares. We previously entered into an advisory agreement with affiliates of the Sponsors, for ongoing consulting and management advisory services. Pursuant to the advisory agreement, we also recorded less than \$1 million of advisory fees payable to each of KKR and Silver Lake during the year ended November 2, 2009 in connection with a qualifying acquisition. The advisory agreement was terminated in the fourth quarter of fiscal year 2009, in connection with our Initial Public Offering, or IPO. As a result, we recorded \$54 million related to the termination of the advisory agreement with the Sponsors. We also recorded \$4 million in selling shareholder expenses, in connection with the IPO, on behalf of the Sponsors and other selling shareholders.

Pursuant to an Amended and Restated Shareholder Agreement dated as of February 3, 2006 among Avago Technologies and participants in our investor group and certain other persons, two representatives of each Sponsor serve on our board of directors. We granted each member of our board of directors, including these individuals, an option to purchase 50,000 ordinary shares, with an exercise price equal to the fair market value on the date of the grant as determined by our board of directors, a term of 5 years and vesting at a rate of 20% per year. In addition, we pay these individuals \$50,000 per year for service on our board of directors, quarterly in arrears and prorated for any partial quarter and an additional \$10,000 per year for service on any sub-committees of our board of directors.

Capstone Consulting

Capstone Consulting, or Capstone, an affiliate of KKR was granted options to purchase 800,000 ordinary shares with an exercise price of \$5.00 per share on February 3, 2006. These options were no longer subject to variable accounting as 700,000 of the option shares vested by the end of the first quarter of fiscal year 2010 and performance targets related to the remaining 100,000 option shares were not met and these 100,000 options shares did not vest.

Bali Investments S.à.r.l, Seletar Investments Pte. Ltd. and Geysler Investment Pte. Ltd.

In connection with the January Offering, selling shareholders Bali Investments S.à.r.l, Geysler Investments Pte. Ltd. and Seletar Investment Pte. Ltd. agreed to reimburse the Company for two-thirds of the expenses of the January Offering.

Flextronics

Mr. James A. Davidson, a director, also serves as a director of Flextronics International Ltd., or Flextronics. In the ordinary course of business, we sell certain of our products to Flextronics.

Hewlett-Packard Company

Mr. John R. Joyce, a director until March 26, 2010, also serves as a director of Hewlett-Packard Company. In the ordinary course of business, we sell certain of our products to Hewlett-Packard Company. We also use Hewlett-Packard Company as a service provider for information technology services.

PMC Sierra, Inc.

Mr. James Diller, a director and the chairman of our board of directors, also serves on the board of directors of PMC Sierra, Inc., or PMC Sierra, as vice-chairman. In the ordinary course of business, we sell certain of our products to PMC Sierra.

Unisteel Technology Limited

Funds affiliated with KKR own substantially all the outstanding shares of in Unisteel Technology Limited or Unisteel. During fiscal year 2010, we purchased certain materials from Unisteel, in the ordinary course of business.

Transactions and balances with our related parties were as follows (in millions):

	Year Ended		
	November 2, 2008	November 1, 2009	October 31, 2010
Net revenue:			
Flextronics	\$155	\$100	\$115
Hewlett-Packard Company ¹	30	37	12
PMC Sierra	3	1	—
Operating expenses:			
KKR & Silver Lake (Advisory fees)	\$ 6	\$ 4	\$ —
KKR & Silver Lake (Termination of Advisory agreement)	—	54	—
KKR & Silver Lake (Selling shareholder expenses associated with the IPO)	—	4	—
KKR & Silver Lake (Advisory fees in connection with the IPO)	—	3	—
Hewlett-Packard Company ¹	32	19	6
Capstone (Share-based compensation)	2	—*	—
Unisteel Technology Limited	—*	—*	—*
		November 1, 2009	October 31, 2010
Receivables:			
Flextronics		\$16	\$13
Hewlett-Packard Company ¹		4	—
Seletar Investments Pte. Ltd.		—	—*
		November 1, 2009	October 31, 2010
Payables:			
KKR		\$—*	\$—*
Silver Lake		—*	—*
Hewlett-Packard Company ¹		—*	—
Unisteel Technology Limited		—*	—*

* Represents amounts less than \$0.5 million.

¹ Amounts represent net revenue and operating expense transactions with Hewlett-Packard Company through the six months ended May 2, 2010, after which Hewlett-Packard ceased to be a related party.

17. Commitments and Contingencies

Commitments

Operating Lease Commitments. We lease certain real property and equipment from third parties under non-cancelable operating leases. Our future minimum lease payments under these leases at October 31, 2010 were \$9 million for 2011, \$7 million each for 2012 to 2015, and \$3 million thereafter.

Rent expense was \$13 million \$12 million and \$12 million for the years ended November 2, 2008, November 1, 2009 and October 31, 2010, respectively.

Capital Lease Commitments. We lease a portion of our equipment from unrelated third parties under non-cancelable capital leases. Our future minimum lease payments under these leases at October 31, 2010 were \$3 million for 2011, \$1 million each for 2012 to 2014, and less than \$1 million each for 2015 and thereafter.

Purchase Commitments. At October 31, 2010, we had unconditional purchase obligations of \$56 million for fiscal year 2011 and none thereafter. These unconditional purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable without penalty.

Other Contractual Commitments. We entered into several agreements related to IT, human resources and financial infrastructure outsourcing and other services agreements. At October 31, 2010, our commitments under these agreements were \$24 million for 2011, \$13 million for 2012, and \$10 million for 2013, \$3 million for 2014, \$1 million for 2015 and less than \$1 million thereafter.

Debt. At October 31, 2010, we had debt obligations of \$230 million which were redeemed on December 1, 2010. Estimated future interest expense and redemption premium payments related to debt obligations at October 31, 2010 were \$18 million for 2011 and none thereafter. Estimated future interest expense payments include interest payments on our outstanding notes, commitment fees, and letter of credit fees. See Note 7. "Senior Credit Facility and Borrowings". and Note 18. "Subsequent Events."

Contingencies

From time to time, we are involved in litigation that we believe is of the type common to companies engaged in our line of business, including commercial disputes and employment issues. As of the date of this filing, we are not involved in any pending legal proceedings that we believe would likely have a material adverse effect on our financial condition, results of operations or cash flows. However, certain pending disputes involve claims by third parties that our activities infringe their patent, copyright, trademark or other intellectual property rights. These claims generally involve the demand by a third-party that we cease the manufacture, use or sale of the allegedly infringing products, processes or technologies and/or pay substantial damages or royalties for past, present and future use of the allegedly infringing intellectual property. For example, on July 23, 2009, TriQuint Semiconductor, Inc. filed a complaint against us and certain of our subsidiaries in the U.S. District Court, District of Arizona seeking declaratory judgment that four of our patents relating to RF filter technology used in our wireless products are invalid and, if valid, that TriQuint's products do not infringe any of those patents. TriQuint has subsequently withdrew those claims with respect to three of those four patents. In addition, TriQuint claims that certain of our wireless products infringe three of its patents. TriQuint is seeking damages in an unspecified amount, treble damages for alleged willful infringement, attorneys fees and injunctive relief. We filed our answer and initial counterclaim on September 17, 2009, denying infringement, asserting the invalidity of TriQuint's patents and asserting infringement by TriQuint of ten Avago patents and filed additional counterclaims on March 25, 2010 for the misappropriation of Avago trade secrets. On October 16, 2009, TriQuint filed its answer to our initial counterclaim, denying infringement and filed an antitrust counterclaim and counterclaims for declaratory judgment of non infringement and invalidity. While the court dismissed TriQuint's antitrust counterclaims on procedural grounds on March 16, 2010, TriQuint has since filed a motion to file an amended pleading for its anti-trust claims, which was granted on August 3, 2010. We intend to defend this lawsuit vigorously, and future actions may include the assertion by us of additional claims or counterclaims against TriQuint related to our intellectual property portfolio.

In addition, on February 8, 2010, PixArt Imaging Inc. filed an action against us in the U.S District Court, Northern District of California seeking a determination of whether PixArt is licensed to use our portfolio of patents for optical finger navigation products pursuant to an existing cross-license agreement between us and PixArt, which license is limited to optical mouse and optical mouse trackball products. We did not license to PixArt our patents for optical finger navigation products. We intend to defend this action vigorously and to seek to have the scope of the cross-license agreement properly construed by the court as excluding such products. We also filed a counterclaim against PixArt on March 31, 2010, asserting that PixArt has breached the terms of the cross-license agreement between the parties. We are seeking a determination that PixArt is not licensed to use our portfolio of patents for

optical finger navigation products, damages in an unspecified amount, termination for breach, or rescission, of the license agreement and attorneys fees.

On March 15, 2010 we filed a patent infringement action against ST Microelectronics NV in the Eastern District of Texas for infringement of four of our patents related to optical navigation devices. We amended the complaint on July 6, 2010 adding infringement of a fifth optical navigation related patent to the action. We are seeking injunctive relief, damages in an unspecified amount, treble damages for willful infringement and attorneys fees. In response, ST Microelectronics filed a patent infringement action against us in the Northern District of Texas alleging that our sales of certain optical navigation devices infringed two ST Microelectronics' patents. ST Microelectronics is seeking injunctive relief and damages in an unspecified amount. ST Microelectronics filed a second suit against us on November 5, 2010 in the Northern District of California alleging certain anticompetitive actions by us in the optical navigation sensor market. ST Microelectronics is seeking injunctive and compensatory relief under the Sherman Act and the Clayton Act and Attorneys fees. We have not yet filed our response. We intend to defend these lawsuits vigorously, and future actions may include the assertion by us of additional claims or counterclaims against ST Microelectronics related to our intellectual property portfolio.

Claims that our products or processes infringe or misappropriate any third-party intellectual property rights (including claims arising through our contractual indemnification of our customers) often involve highly complex, technical issues, the outcome of which is inherently uncertain. Moreover, from time to time we pursue litigation to assert our intellectual property rights. Regardless of the merit or resolution of any such litigation, complex intellectual property litigation is generally costly and diverts the efforts and attention of our management and technical personnel.

Warranty

Commencing in fiscal year 2008, we notified certain customers of a product quality issue and began taking additional steps to correct the quality issue and work with affected customers to determine potential costs covered by our warranty obligations. We maintain insurance coverage for product liability and have been working with our insurance carriers to determine the extent of covered losses in this situation. Based on settlements with customers to date, the status of discussions with other affected customers and discussions with our insurance carriers, we recorded a charge of \$2 million during fiscal year 2009 to cover costs relating to this quality issue in excess of expected insurance coverage. We continue to have discussions with affected customers and presently believe that amounts we have recorded in our financial statements along with expected insurance coverage proceeds will be adequate to resolve these claims, although this assessment is subject to change based on the ultimate resolution of this matter with customers and the insurance carriers. In addition, if the timing of settlement of claims with customers and the timing of determination of insurance recoveries do not occur in the same reporting periods, there could be material increases in charges to statement of operations in a future period and decreases in a subsequent period once insurance recoveries are deemed probable of realization.

During fiscal year 2009 we identified another product quality issue with a particular component, took steps to correct the quality issue and notified our customers. Though the expected failure rate of the product was not 100%, based on our quality tests, we have offered to replace all such components used or still held by our customers. We recorded charges of \$6 million during fiscal year 2009 related to this product quality issue, based on the progress of discussions with our customers and our evaluation of the best estimate of our exposure related to this matter, which covered costs to scrap inventory of such components held by us and costs associated with providing replacement parts to customers. During fiscal year 2010, we recorded additional charges of \$11 million to cover customer claims for reimbursements of costs incurred by such customers related to this product quality issue. During the fiscal year 2010, we reached final settlement agreements with certain customers on this product quality issue. The final settlement amounts approximate the estimated accrued warranty obligations for those customers. In addition, we made \$2 million of cash settlement payments in connection with these agreements during fiscal year 2010, resulting in a \$2 million decrease in the warranty accrual for this product quality issue during the same period. We presently believe that amounts we have recorded in our financial statements will be adequate to resolve any warranty obligations related to this issue, although this assessment is subject to change based on the ultimate resolution of this matter with remaining customers. We continue to have discussions with affected customers on the matter and

although we have made our best estimate of the expected warranty obligation based on available information, we could record further charges in future periods based on the ultimate resolution of this matter with such customers.

Indemnifications to Hewlett-Packard and Agilent

Agilent Technologies, Inc. has given multiple indemnities to Hewlett-Packard Company in connection with its activities prior to its spin-off from Hewlett-Packard Company in June 1999 for the businesses that constituted Agilent prior to the spin-off. As the successor to the SPG business of Agilent, we may acquire responsibility for indemnifications related to assigned intellectual property agreements. Additionally, when we completed the SPG Acquisition in December 2005, we provided indemnities to Agilent with regard to Agilent's conduct of the SPG business prior the SPG Acquisition. In our opinion, the fair value of these indemnifications is not material.

Other Indemnifications

As is customary in our industry and as provided for in local law in the United States and other jurisdictions, many of our standard contracts provide remedies to our customers and others with whom we enter into contracts, such as defense, settlement, or payment of judgment for intellectual property claims related to the use of our products. From time to time, we indemnify customers, as well as our suppliers, contractors, lessors, lessees, companies that purchase our businesses or assets and others with whom we enter into contracts, against combinations of loss, expense, or liability arising from various triggering events related to the sale and the use of our products, the use of their goods and services, the use of facilities and state of our owned facilities, the state of the assets and businesses that we sell and other matters covered by such contracts, usually up to a specified maximum amount. In addition, from time to time we also provide protection to these parties against claims related to undiscovered liabilities, additional product liability or environmental obligations. In our experience, claims made under such indemnifications are rare and the associated estimated fair value of the liability is not material.

18. Subsequent Events

On December 1, 2010, our subsidiaries, Avago Technologies Finance Pte. Ltd., Avago Technologies U.S. Inc. and Avago Technologies Wireless (U.S.A.) Manufacturing Inc. redeemed the remaining \$230 million aggregate principal amount outstanding of senior subordinated notes due at a redemption price of 105.938% of their principal amount, plus accrued and unpaid interest thereon up to, but not including, the redemption date. We paid an aggregate of \$258 million in respect of the redemption of the senior subordinated, including accrued and unpaid interest to but not including the redemption date resulting in a loss on extinguishment of debt of \$19 million, which consisted of \$14 million premium and a \$5 million write-off of debt issuance costs and other related expenses.

We declared our first interim cash dividend of \$0.07 per ordinary share to holders of record at the close of business (5:00 p.m.), Eastern Time, on December 15, 2010 with such dividend to be paid on December 30, 2010.

We filed a prospectus supplement, dated December 6, 2010, with the SEC relating to sale of 25,000,000 of our ordinary shares by certain of our shareholders in a registered public offering, or the December Offering. This transaction closed on December 10, 2010. We did not receive any proceeds from the sale of shares sold in the December Offering.

Supplementary Financial Data — Quarterly Data (Unaudited)

	Three Months Ended							
	February 1, 2009	May 3, 2009	August 2, 2009	November 1, 2009	January 1, 2010	May 2, 2010	August 1, 2010	October 31, 2010
	(In millions, except per share data)							
Net revenue	\$ 368	\$ 325	\$ 363	\$ 428	\$ 456	\$ 515	\$ 550	\$ 572
Cost of products sold:								
Cost of products sold	204	210	205	236	247	268	271	282
Amortization of intangible assets	15	14	15	14	15	14	15	14
Restructuring charges	6	3	2	—	—	—	1	—
Total cost of products sold	225	227	222	250	262	282	287	296
Gross margin	143	98	141	178	194	233	263	276
Research and Development	62	59	59	65	64	70	71	75
Selling, general and administrative	40	42	40	43	46	48	51	51
Amortization of intangible assets	6	5	5	5	5	6	5	5
Restructuring charges	5	3	13	2	1	1	1	—
Advisory agreement termination fee	—	—	—	54	—	—	—	—
Selling shareholder expenses	—	—	—	4	—	—	—	—
Total operating expenses	113	109	117	173	116	125	128	131
Income (loss) from operations	30	(11)	24	5	78	108	135	145
Interest expense	(18)	(20)	(20)	(19)	(11)	(8)	(8)	(7)
Gain (loss) on extinguishment of debt	1	—	—	(9)	(24)	—	—	—
Other income (expense), net	(2)	(2)	4	1	(1)	(1)	—	—
Income (loss) before income taxes	11	(33)	8	(22)	42	99	127	138
Provision for (benefit from) income taxes	5	(2)	6	(1)	4	9	4	(26)
Net income (loss)	\$ 6	\$ (31)	\$ 2	\$ (21)	\$ 38	\$ 90	\$ 123	\$ 164
Net income (loss) per share:								
Basic	\$ 0.03	\$ (0.14)	\$ 0.01	\$ (0.09)	\$ 0.16	\$ 0.38	\$ 0.51	\$ 0.69
Diluted	\$ 0.03	\$ (0.14)	\$ 0.01	\$ (0.09)	\$ 0.16	\$ 0.37	\$ 0.50	\$ 0.66
Shares used in per share calculations:								
Basic	214	214	213	235	236	238	239	239
Diluted	219	214	218	235	244	246	247	248

Schedule II — Valuation and Qualifying Accounts

	<u>Balance at Beginning of Period</u>	<u>Charged/ Credited to Net Loss</u>	<u>Charges Utilized/ Write-offs</u>	<u>Balance at End of Period</u>
	(In millions)			
Accounts receivable allowances(1)				
Year ended November 2, 2008	\$20	\$124	\$(125)	\$19
Year ended November 1, 2009	19	81	(87)	13
Year ended October 31, 2010	13	109	(106)	16
Income tax valuation allowance				
Year ended November 2, 2008	\$51	\$ 5	\$ (25)	\$31
Year ended November 1, 2009	31	3	(2)	32
Year ended October 31, 2010	32	(29)	1	4

(1) Accounts receivable allowances include allowance for doubtful accounts, sales returns and distributor credits.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Avago's disclosure controls and procedures as of October 31, 2010. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of October 31, 2010, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of October 31, 2010. In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on this assessment, our management concluded that, as of October 31, 2010, our internal control over financial reporting is effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of October 31, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included in Part II, Item 8. of this Form 10-K.

Changes in Internal Controls over Financial Reporting.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended October 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *OTHER INFORMATION*

On December 13, 2010, we received notification from the Industrial Arbitration Court of Singapore that the court, on December 8, 2010, approved our Collective Agreement, dated October 28, 2010, between Avago Technologies Manufacturing (Singapore) Pte Ltd (and its Singapore affiliates) and the United Workers of Electronic and Electrical Industries. This collective bargaining agreement applies to approximately 400 of our 1,000 employees in Singapore, none of whom are in management or supervisory positions, and is effective from July 1, 2010 until its expiration on June 30, 2013.

PART III.

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information regarding our directors, executive officers and compliance with Section 16(a) of the Exchange Act, set forth in the sections entitled “Proposal 1 — Election of Directors”, “Executive Officers”, “Corporate Governance” and “Section 16(a) Beneficial Ownership Reporting Compliance”, in our definitive Proxy Statement for our 2011 Annual General Meeting of Shareholders to be filed with the SEC within 120 days of the end of our 2010 fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section.

We have adopted a written Code of Ethics and Business Conduct that applies to all of our employees and directors, including our principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions and have posted it in the “Investors — Governance” section of our website, which is located at www.avagotech.com. We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding any amendments to, or waivers from, our Code of Ethics and Business Conduct by posting such information on our website at the internet address and location above.

ITEM 11. *EXECUTIVE COMPENSATION*

The information regarding executive compensation required by this Item 11 set forth in the sections entitled “Director Compensation”, “Compensation Discussion and Analysis”, “Executive Compensation”, “Compensation Committee Report” and “Corporate Governance — Compensation Committee Interlocks and Insider Participation in our definitive Proxy Statement for our 2011 Annual General Meeting of Shareholders to be filed with the SEC within 120 days of the end of our 2010 fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section. However, the Compensation Committee Report included in such definitive Proxy Statement shall not be deemed “filed” with the SEC for the purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by us with the SEC, regardless of any general incorporation language in such filing.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

The information regarding security ownership of certain beneficial owners and management and related shareholder matters required by this Item 12 set forth in the section entitled “Security Ownership of Certain Beneficial Owners, Directors and Executive Officers” and “Executive Compensation — Equity Compensation Plan Information” in our definitive Proxy Statement for our 2011 Annual General Meeting of Shareholders to be filed with the SEC within 120 days of the end of our 2010 fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information regarding certain relationships, related transactions and director independence required by this Item 13 set forth in the sections entitled "Corporate Governance" and "Certain Relationships and Related Transactions" in our definitive Proxy Statement for our 2011 Annual General Meeting of Shareholders to be filed with the SEC within 120 days of the end of our 2010 fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information regarding principal accounting fees and services required by this Item 14 set forth in the proposal relating to the re-appointment of our independent registered public accounting firm in our definitive Proxy Statement for our 2011 Annual General Meeting of Shareholders to be filed with the Commission within 120 days of the end of our 2010 fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following are filed as part of this Annual Report on Form 10-K:

1. Financial Statements

The following consolidated financial statements are included in Item 8 of this Annual Report on Form 10-K:

- Consolidated Balance Sheets as of October 31, 2010 and November 1, 2009
- Consolidated Statements of Operations for the years ended October 31, 2010, November 1, 2009 and November 2, 2008
- Consolidated Statements of Shareholders' Equity and Comprehensive Income (Loss) for the years ended October 31, 2010, November 1, 2009 and November 2, 2008
- Consolidated Statements of Cash Flows for the years ended October 31, 2010, November 1, 2009 and November 2, 2008

2. Financial Statement Schedules

The financial statement schedule required by Item 15(a) (Schedule II, Valuation and Qualifying Accounts) is included in Item 8 of this Annual Report on Form 10-K.

Schedules not filed have been omitted because they are not applicable, are not required or the information required to be set forth therein is included in the financial statements or notes thereto.

3. Exhibits

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed with or incorporated by reference in this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AVAGO TECHNOLOGIES LIMITED

By: _____ /s/ Hock E. Tan

Name: Hock E. Tan

Title: President and Chief Executive Officer

Date: December 15, 2010

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints Hock E. Tan, Douglas R. Bettinger and Patricia H. McCall, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the Registrant in the capacities indicated and on the dates indicated.

Signature	Title	Date
_____ /s/ Hock E. Tan Hock E. Tan	President and Chief Executive Officer and Director (Principal Executive Officer)	December 15, 2010
_____ /s/ Douglas R. Bettinger Douglas R. Bettinger	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	December 15, 2010
_____ /s/ James Diller James Diller	Chairman of the Board of Directors	December 15, 2010
_____ /s/ Adam H. Clammer Adam H. Clammer	Director	December 15, 2010
_____ /s/ James A. Davidson James A. Davidson	Director	December 15, 2010
_____ /s/ Kenneth Y. Hao Kenneth Y. Hao	Director	December 15, 2010

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> /s/ David M. Kerko David M. Kerko	Director	December 15, 2010
<hr/> /s/ Justine Lien Justine Lien	Director	December 15, 2010
<hr/> /s/ Donald Macleod Donald Macleod	Director	December 15, 2010
<hr/> /s/ Bock Seng Tan Bock Seng Tan	Director	December 15, 2010

EXHIBIT INDEX

Exhibit No.	Description	Incorporated by Referenced Herein Form	Filing Date	Filed Herewith
2.1#	Asset Purchase Agreement, dated August 14, 2005, between Agilent Technologies, Inc. and Argos Acquisition Pte. Ltd.	Agilent Technologies, Inc. Current Report on Form 8-K (Commission File No. 001-15405)	Aug. 15, 2005	
2.2#	Amendment No. 1 to the Asset Purchase Agreement, dated November 30, 2005, between Agilent Technologies, Inc. and Avago Technologies Limited.	Amendment No. 4 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 21, 2009	
2.3#	Amendment No. 2 to the Asset Purchase Agreement, dated December 29, 2006, between Agilent Technologies, Inc. and Avago Technologies Limited.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
2.4#	Purchase and Sale Agreement, dated November 17, 2006, by and among Avago Technologies Limited, Avago Technologies Imaging Holding (Labuan) Corporation, Avago Technologies Sensor (U.S.A.) Inc., other sellers and Micron Technology, Inc.	Amendment No. 4 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 21, 2009	
2.5#	Asset Purchase Agreement, dated October 31, 2007, by and among Avago Technologies Limited, Avago Technologies General IP (Singapore) Pte. Ltd., other sellers and Lite-On Technology Corporation (“Lite-On Asset Purchase Agreement”).	Amendment No. 4 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 21, 2009	
2.6#	Amendment No. 1 to Lite-On Asset Purchase Agreement and Non-Competition Agreement, dated January 8, 2008.	Amendment No. 4 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 21, 2009	
2.7	Amendment No. 2 to Lite-On Asset Purchase Agreement, dated January 21, 2009.	Amendment No. 5 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 27, 2009	
2.8#	Asset Purchase Agreement, dated June 25, 2008, by and among Avago Technologies GmbH, Avago Technologies International Sales Pte. Ltd., Avago Technologies Wireless IP (Singapore) Pte. Ltd., Avago Technologies Finance Pte. Ltd. and Infineon Technologies AG.	Amendment No. 4 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 21, 2009	
3.1	Memorandum and Articles of Association.	Avago Technologies Limited Current Report on Form 8-K (File No. 001-34428).	Aug. 14, 2009	

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated by Referenced Herein Form</u>	<u>Filing Date</u>	<u>Filed Herewith</u>
4.1	Form of Specimen Share Certificate for Registrant's Ordinary Shares.	Amendment No. 3 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 14, 2009	
4.2	Second Amended and Restated Shareholder Agreement, dated August 11, 2009, among Avago Technologies Limited, Silver Lake Partners II Cayman, L.P., Silver Lake Technology Investors II Cayman, L.P., Integral Capital Partners VII, L.P., KKR Millennium Fund (Overseas), Limited Partnership, KKR European Fund, Limited Partnership, KKR European Fund II, Limited Partnership, KKR Partners (International), Limited Partnership, Capstone Equity Investors LLC, Avago Investment Partners, Limited Partnership, Bali Investments S.à.r.l., Seletar Investments Pte Ltd, Geysler Investment Pte. Ltd. and certain other Persons	Avago Technologies Limited Current Report on Form 8-K (Commission File No. 001-34428).	Aug. 14, 2009	
4.3	Registration Rights Agreement, dated December 1, 2005, among Avago Technologies Limited, Silver Lake Partners II Cayman, L.P., Silver Lake Technology Investors II Cayman, L.P., Integral Capital Partners VII, L.P., KKR Millennium Fund (Overseas), Limited Partnership, KKR European Fund, Limited Partnership, KKR European Fund II, Limited Partnership, KKR Partners (International), Limited Partnership, Capstone Equity Investors LLC, Avago Investment Partners, Limited Partnership, Bali Investments S.à.r.l., Seletar Investments Pte Ltd, Geysler Investment Pte. Ltd. and certain other Persons ("Registration Rights Agreement").	Avago Technologies Finance Pte. Ltd. Registration Statement on Form F-4 (Commission File No. 333-137664)	Sep. 29, 2006	
4.4	Amendment to Registration Rights Agreement, dated August 21, 2008.	Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Aug. 21, 2008	
4.5	Share Option Agreement, dated February 3, 2006, between Avago Technologies Limited and Capstone Equity Investors LLC.	Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Aug. 21, 2008	

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated by Referenced Herein Form</u>	<u>Filing Date</u>	<u>Filed Herewith</u>
10.1	Sublease Agreement, dated June 5, 2009, between Agilent Technologies Singapore Pte. Ltd. and Avago Technologies Manufacturing (Singapore) Pte. Ltd., relating to Avago's facility at 1 Yishun Avenue 7, Singapore 768923.			X
10.2	Lease No. I/33183P issued by Singapore Housing and Development Board to Compaq Asia Pte Ltd in respect of the land and structures comprised in Lot 1935X of Mukim 19, dated September 26, 2000, and includes the Variation of Lease I/49501Q registered January 15, 2002, relating to Avago's facility at 1 Yishun Avenue 7, Singapore 768923.	Avago Technologies Finance Pte. Ltd. Registration Statement on Form F-4 (Commission File No. 333-137664)	Nov. 15, 2006	
10.3	Lease No. I/31607P issued by Singapore Housing and Development Board to Compaq Asia Pte Ltd in respect of the land and structures comprised in Lot 1937C of Mukim 19, dated September 26, 2000, and includes the Variation of Lease I/49499Q registered January 15, 2002, relating to Avago's facility at 1 Yishun Avenue 7, Singapore 768923.	Avago Technologies Finance Pte. Ltd. Registration Statement on Form F-4 (Commission File No. 333-137664)	Nov. 15, 2006	
10.4	Lease No. I/33182P issued by Singapore Housing and Development Board to Compaq Asia Pte Ltd in respect of the land and structures comprised in Lot 2134N of Mukim 19, dated September 26, 2000, and includes the Variation of Lease I/49500Q registered January 15, 2002, relating to Avago's facility at 1 Yishun Avenue 7, Singapore 768923.	Avago Technologies Finance Pte. Ltd. Registration Statement on Form F-4 (Commission File No. 333-137664)	Nov. 15, 2006	

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated by Referenced Herein Form</u>	<u>Filing Date</u>	<u>Filed Herewith</u>
10.5	Lease No. I/33160P issued by Singapore Housing and Development Board to Compaq Asia Pte Ltd in respect of the land and structures comprised in Lot 1975P of Mukim 19, dated September 26, 2000, and includes the Variation of Lease I/49502Q registered January 15, 2002, relating to Avago's facility at 1 Yishun Avenue 7, Singapore 768923.	Avago Technologies Finance Pte. Ltd. Registration Statement on Form F-4 (Commission File No. 333-137664)	Nov. 15, 2006	
10.6	Tenancy Agreement, dated October 24, 2005, between Agilent Technologies (Malaysia) Sdn. Bhd. and Avago Technologies (Malaysia) Sdn. Bhd. (f/k/a Jumbo Portfolio Sdn. Bhd.), relating to Avago's facility at Bayan Lepas Free Industrial Zone, 11900 Penang, Malaysia.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.7	Supplemental Agreement to Tenancy Agreement, dated December 1, 2005, between Agilent Technologies (Malaysia) Sdn. Bhd. and Avago Technologies (Malaysia) Sdn. Bhd. (f/k/a Jumbo Portfolio Sdn. Bhd.), relating to Avago's facility at Bayan Lepas Free Industrial Zone, 11900 Penang, Malaysia.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.8	Subdivision and Use Agreement, dated December 1, 2005, between Agilent Technologies (Malaysia) Sdn. Bhd. and Avago Technologies (Malaysia) Sdn. Bhd. (f/k/a Jumbo Portfolio Sdn. Bhd.), relating to Avago's facility at Bayan Lepas Free Industrial Zone, 11900 Penang, Malaysia.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.9	Sale and Purchase Agreement, dated December 1, 2005, between Agilent Technologies (Malaysia) Sdn. Bhd. and Avago Technologies (Malaysia) Sdn. Bhd. (f/k/a Jumbo Portfolio Sdn. Bhd.), relating to Avago's facility at Bayan Lepas Free Industrial Zone, 11900 Penang, Malaysia.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated by Referenced Herein Form</u>	<u>Filing Date</u>	<u>Filed Herewith</u>
10.10	Lease Agreement, dated December 1, 2005, between Agilent Technologies, Inc. and Avago Technologies U.S. Inc., relating to Avago's facility at 350 West Trimble Road, San Jose, California 95131.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.11	First Amendment to Lease Agreement (Building 90) and Service Level Agreement, dated January 10, 2007, between Avago Technologies U.S. Inc. and Lumileds Lighting B.V. relating to Avago's facilities at 350 West Trimble Road, San Jose, California 95131.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.12	Credit Agreement, dated December 1, 2005, among Avago Technologies Finance Pte. Ltd., Avago Technologies Finance S.à.r.l., Avago Technologies (Malaysia) Sdn. Bhd. (f/k/a Jumbo Portfolio Sdn. Bhd.), Avago Technologies Wireless (U.S.A.) Manufacturing Inc. and Avago Technologies U.S. Inc., as borrowers, Avago Technologies Holding Pte. Ltd., each lender from time to time parties thereto, Citicorp International Limited (Hong Kong), as Asian Administrative Agent, Citicorp North America, Inc., as Tranche B-1 Term Loan Administrative Agent and as Collateral Agent, Citigroup Global Markets Inc., as Joint Lead Arranger and Joint Lead Bookrunner, Lehman Brothers Inc., as Joint Lead Arranger, Joint Lead Bookrunner and Syndication Agent, and Credit Suisse, as Documentation Agent ("Credit Agreement").	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.13	Amendment No. 1 to Credit Agreement, dated December 23, 2005.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.14	Amendment No. 2, Consent and Waiver under Credit Agreement, dated April 16, 2006.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated by Referenced Herein Form</u>	<u>Filing Date</u>	<u>Filed Herewith</u>
10.15	Amendment No. 3 to Credit Agreement, dated October 8, 2007.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.16	Amendment No. 4 to Credit Agreement, dated July 1, 2010.	Avago Technology Limited Current Report on Form 8-K (Commission File No. 001-34428)	Jul. 2, 2010	
10.17+	2009 Equity Incentive Award Plan.	Amendment No. 5 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 27, 2009	
10.18+	Equity Incentive Plan for Executive Employees of Avago Technologies Limited and Subsidiaries (Amended and Restated Effective as of February 25, 2008).	Avago Technologies Finance Pte. Ltd. Amendment No. 1 to Annual Report on Form 20-F/A (Commission File No. 333-137664)	Feb. 27, 2008	
10.19+	Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and Subsidiaries (Amended and Restated Effective as of February 25, 2008).	Avago Technologies Finance Pte. Ltd. Amendment No. 1 to Annual Report on Form 20-F/A (Commission File No. 333-137664)	Feb. 27, 2008	
10.20+	Form of Management Shareholders Agreement.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.21+	Form of MSA Termination Agreement	Avago Technology Limited Current Report on Form 8-K (Commission File No. 001-34428)	Sept. 24, 2010	
10.22+	Form of Nonqualified Share Option Agreement Under the Amended and Restated Equity Incentive Plan for Executive Employees of Avago Technologies Limited and Subsidiaries for U.S. employees.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.23+	Form of Nonqualified Share Option Agreement Under the Equity Incentive Plan for Executive Employees of Avago Technologies Limited and Subsidiaries for employees in Singapore.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.24+	Form of Nonqualified Share Option Agreement Under the Equity Incentive Plan for Executive Employees of Avago Technologies Limited and Subsidiaries for U.S. employees granted rollover options.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated by Referenced Herein Form</u>	<u>Filing Date</u>	<u>Filed Herewith</u>
10.25+	Form of Nonqualified Share Option Agreement Under the Amended and Restated Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and Subsidiaries for U.S. non-employee directors.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.26+	Form of Nonqualified Share Option Agreement Under the Amended and Restated Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and Subsidiaries for non-employee directors in Singapore.	Avago Technologies Finance Pte. Ltd. Registration Statement on Form F-4 (Commission File No. 333-137664)	Sep. 29, 2006	
10.27+	Amended and Restated Offer Letter Agreement, dated July 17, 2009, between Avago Technologies Limited and Hock E. Tan.	Amendment No. 4 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 21, 2009	
10.28+	Amended and Restated Employment Agreement, dated July 17, 2009, between Avago Technologies U.S. Inc. and Bryan Ingram.	Amendment No. 4 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 21, 2009	
10.29+	Offer Letter Agreement, dated March 20, 2007, between Avago Technologies and Patricia H. McCall.	Avago Technologies Finance Pte. Ltd. Amendment No. 1 to Annual Report on Form 20-F/A (Commission File No. 333-137664)	Feb. 27, 2008	
10.30+	Offer Letter Agreement, dated July 4, 2008, between Avago Technologies and Douglas R. Bettinger.	Avago Technologies Finance Pte. Ltd. Current Report on Form 6-K (Commission File No. 333-137664)	Jul. 16, 2008	
10.31+	Form of indemnification agreement between Avago and each of its directors.	Avago Technologies Finance Pte. Ltd. Amendment No. 1 to Annual Report on Form 20-F/A (Commission File No. 333-137664)	Feb. 27, 2008	
10.32+	Form of indemnification agreement between Avago and each of its officers.	Avago Technologies Finance Pte. Ltd. Amendment No. 1 to Annual Report on Form 20-F/A (Commission File No. 333-137664)	Feb. 27, 2008	
10.33	Ft. Collins Supply Agreement, dated October 28, 2005 between Avago Technologies Wireless (U.S.A.) Manufacturing, Inc. and Palau Acquisition Corporation.	Avago Technologies Finance Pte. Ltd. Amendment No. 1 to Annual Report on Form 20-F/A (Commission File No. 333-137664)	Jun. 16, 2009	
10.34	Statement of Work, dated January 27, 2006, between KKR Capstone and Avago Technologies.	Amendment No. 1 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Oct. 1, 2008	
10.35	Distribution Agreement, dated March 26, 2008, between Avago Technologies International Sales Pte. Limited and Arrow Electronics, Inc.	Amendment No. 4 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 21, 2009	

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated by Referenced Herein Form</u>	<u>Filing Date</u>	<u>Filed Herewith</u>
10.36+	Severance Benefits Agreement, dated December 3, 2008, between Avago Technologies Limited and Patricia H. McCall.	Avago Technologies Finance Pte. Ltd. Current Report on Form 6-K (Commission File No. 333-137664)	Mar. 5, 2009	
10.37+	Offer Letter Agreement, dated December 5, 2008, between Avago Technologies Limited and B.C. Ooi.	Avago Technologies Finance Pte. Ltd. Current Report on Form 6-K (Commission File No. 333-137664)	Mar. 5, 2009	
10.38+	Deferred Compensation Plan.	Amendment No. 2 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 2, 2009	
10.40+	Form of Option Agreement Under Avago Technologies Limited 2009 Equity Incentive Award Plan.	Amendment No. 5 to Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 27, 2009	
10.41+	Form of Notice and Restricted Share Unit Agreement Under Avago Technologies Limited 2009 Equity Incentive Award Plan.			X
10.42+	Form of Amendment to the Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and Subsidiaries.	Amendment No. 5 to Registration Statement on Form S-1 (Commission File No. 333-153127)	Jul. 27, 2009	
10.43+	Termination and Agreement, dated January 21, 2010, among Avago Technologies Limited, Bali Investments S.à.r.l and Dick M. Chang	Avago Technologies Limited Registration Statement on Form S-1 (Commission File No. 333-164368)	Jan. 25, 2010	
10.44+	Avago Performance Bonus Plan, effective November 1, 2009.	Avago Technologies Limited Quarterly Report on Form 10-Q (Commission File No. 001-34428)	Jun. 3, 2010	
10.45+	Employee Share Purchase Plan (amended and restated effective as of June 2, 2010).	Avago Technologies Limited Quarterly Report on Form 10-Q (Commission File No. 001-34428)	Jun. 3, 2010	
10.46	Collective Agreement, dated October 28, 2010, between Avago Manufacturing (Singapore) Pte Ltd (and its Singapore affiliates) and United Workers of Electronic & Electrical Industries.			X
12.1	Computation of ratio of earnings to fixed charges.			X
21.1	List of Subsidiaries.			X
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.			X
24.1	Power of Attorney (see signature page to this Form 10-K).			X

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated by Referenced Herein Form</u>	<u>Filing Date</u>	<u>Filed Herewith</u>
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X

Notes:

+ Indicates a management contract or compensatory plan or arrangement.

Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Avago Technologies hereby undertakes to furnish supplementally copies of any omitted schedules upon request by the SEC.

Certain portions have been omitted pursuant to a confidential treatment request. Omitted information has been filed separately with the SEC.

DATED THIS DAY OF 2009

BETWEEN

AGILENT TECHNOLOGIES SINGAPORE PTE LTD
(“LANDLORD”)

AND

AVAGO TECHNOLOGIES MANUFACTURING (SINGAPORE) PTE LTD
(“TENANT”)

SUBLEASE AGREEMENT

SUBLEASE SUMMARY

Sublease Date: ,2009

Landlord: **AGILENT TECHNOLOGIES SINGAPORE PTE LTD**, a Singapore company

Tenant: **AVAGO TECHNOLOGIES MANUFACTURING (SINGAPORE) PTE. LTD** (including its subsidiary and affiliated companies), a Singapore company

Contact (Landlord): Agilent Technologies Singapore Pte Ltd
No. 1 Yishun Avenue 7, Singapore 768923

Contact (Tenant): Avago Technologies Manufacturing (Singapore) Pte. Ltd.,
No. 1 Yishun Avenue 7, Singapore 768923

Premises: Those certain premises (deemed to contain **117,289.59 net lettable square feet or 10,896.46 net lettable square meters of floor area**) located on **1st, 2nd, 3rd and basement floors** of the Building (as defined herein) located at **No. 1 Yishun Avenue 7, Singapore 768923**, as more particularly described on the site map appended hereto as **Exhibit A-1** (the "**Site Map**")

Project: That certain real estate project consisting of the Building (as defined herein), the Common Area (as defined herein) and other ancillary improvements of which the Premises are a part.

Sublease Term: The period of time commencing on the Commencement Date (as defined herein) and ending at midnight on the Expiration Date (as defined herein), unless sooner terminated or later extended as provided in the Sublease Agreement.

Commencement Date **1 December 2010**

Expiration Date **30 November 2015**

Option Term 2 options to renew, each for a further period of 5 years at the then prevailing market rent.

Monthly Base Rent: The agreed sum payable by Tenant pursuant to Section 3.1 of the Sublease Agreement is as follows :

1 December 2010 to 30 November 2012 : the sum of **SS120,808.28** calculated at the rate of **SS1.03** per square foot per month

1 December 2012 to 30 November 2013 : the sum of **SS140,747.51** calculated at the rate of **SS1.20** per square foot per month

1 December 2013 to 30 November 2015 : the sum of **SS158,340.95** calculated at the rate of **SS1.35** per square foot per month

Permitted Use: The manufacture of semiconductor products and components and office use relating thereto (the "**Business Use**"), in any case in accordance with applicable Laws and Private Restrictions; and no other use.

Tenant's Contribution The sum of **SS52,780.32** per month calculated at the rate of **SS0.45** per square foot per month.

Address for Notices:
(Section 17.9)

To Landlord

Agilent Technologies Singapore Pte Ltd
No. 1 Yishun Avenue 7, Singapore 768923

Address for Notices:
(Section 17.9)

To Tenant

Avago Technologies Manufacturing (Singapore) Pte Ltd
No. 1 Yishun Avenue 7, Singapore 768923

The provisions of the Sublease Agreement identified above in parentheses are those provisions making reference to the above-described Sublease Agreement terms. Each reference in the Sublease Agreement shall incorporate the applicable Sublease Agreement terms. In the event of any conflict between this Sublease Summary and the Sublease Agreement, the Sublease Agreement shall control.

THIS SUBLEASE AGREEMENT (this "Sublease Agreement" or "Agreement"), dated as of _____, is made by and between **AGILENT TECHNOLOGIES SINGAPORE PTE LTD**, a company organized under the laws of Singapore and having its registered address at No. 1 Yishun Avenue 7, Singapore 768923 ("Landlord"), and **AVAGO TECHNOLOGIES MANUFACTURING (SINGAPORE) PTE. LTD.**, a company organized under the laws of Singapore and having its registered address at 8 Cross Street, #11-00 PWC Building, Singapore 048424 together with its subsidiary and affiliated companies, successors and assignees, ("Tenant") (each of Landlord and Tenant being a "Party" and collectively, the "Parties").

RECITALS

WHEREAS

- A. The Housing and Development Board ("HDB") is the lessor under the Head Leases ("Head Leases"), which is more particularly defined in Clause 1.14 herein, and the Landlord is the lessee under the Head Leases of a large development project ("the Project"), as more particularly described in the Head Leases.
- B. Upon the request of the Tenant, the Landlord has agreed to grant to the Tenant a sublease of the Premises (which is more particularly defined in the Sublease Summary) subject to the written approval of HDB and all relevant authorities. The Premises is part of the Project.
- C. Both the Landlord has agreed to let to the Tenant and Tenant has agreed to rent from the Landlord, the Premises upon the terms and conditions set forth herein.

AGREEMENT

SECTION 1

DEFINITIONS

Any term that is given a special meaning by this Section or by any other provision of this Sublease Agreement (including the exhibits attached hereto) shall have such meaning when used in this Sublease Agreement or any addendum or amendment hereto.

- 1.1 "Additional Rent" is defined in Section 3.2.
- 1.2 "Agreed Interest Rate" means that interest rate determined as of the time it is to be applied that is equal to the lesser of (i) two percent (2%) plus the base lending rate of DBS Bank Ltd as published closest prior to the date when due, or (ii) the maximum interest rate permitted by law.
- 1.3 "Building" means the entire building comprised of two components commonly referred to as Phase I and Phase II and located at No. 1 Yishun Avenue 7, Singapore.
- 1.4 "Building Parking Areas" shall mean those portions of the Common Areas consisting of all surface and basement parking stalls located on the Project.
- 1.5 "Commencement Date" has the meaning set forth in the Sublease Summary.
- 1.6 "Common Area" means all areas and facilities within the Project that are not designated by Landlord for the exclusive use of Tenant or Landlord or any other tenant or other occupant of the Project, including without limitation, all entrances, hallways, bathrooms, stairways, elevators, breakrooms and lobbies within the Buildings, as well as the Building Parking Areas, loading docks, access and perimeter roads, pedestrian sidewalks, trash enclosures, and the cafeteria.
- 1.7 "Consents" has the meaning set forth in Section 11.1.4.

- 1.8 **“Environmental Condition”** means the Release of any Hazardous Substance caused or permitted by Tenant or Tenant’s Agents in, over, on, under, through, from, or about the Premises or Project. A Release shall not, however, have been “permitted” by Tenant or Tenant’s Agents solely because Tenant or Tenant’s Agents are aware that Preexisting Hazardous Substances exist or are migrating passively in, over, on, under, through, from, or about the Premises or Project.
- 1.9 **“Environmental Laws”** means all Laws relating to, or imposing standards regarding, the protection of clean-up of the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), any Hazardous Substances Activity, the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources, or the exposure of any individual to Hazardous Substances, including without limitation Protection of the health and safety of employees.
- 1.10 **“Event of Default”** has the meaning set forth in Section 14.1.
- 1.11 **“Expiration Date”** has the meaning set forth in the Sublease Summary, or the date upon which this Sublease Agreement is sooner terminated or later extended pursuant to its terms.
- 1.12 **“Hazardous Substances”** means any substance or material listed, defined, or regulated by any Environmental Law, including without limitation: (i) any chemical, substance, material, medical waste or other waste, living organism, or combination thereof which is or may be hazardous to the environment or human or animal health or safety due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects; (ii) petroleum hydrocarbons, including crude oil or any fraction thereof, radon, polychlorinated biphenyls (PCBs), methane; and (iii) anything which now or in the future may be defined, listed, or regulated as “hazardous substances,” “hazardous wastes,” “extremely hazardous wastes,” “hazardous materials,” “toxic substances,” or “pollutants” by any Environmental Law.
- 1.13 **“Hazardous Substances Activity”** means the transportation, transfer, recycling, storage, use, disposal, arranging for disposal, treatment, manufacture, removal, remediation, release, exposure of others to, sale, or distribution of Hazardous Substances or any product or waste containing Hazardous Substances, or product manufactured with ozone depleting substances, including, without limitation, any required labeling, payment of waste fees or charges (including so-called e-waste fees) and compliance with any product take-back or product content requirements.
- 1.14 **“HDB”** means the Housing and Development Board, the lessor under the Head Lease.
- 1.15 **“Head Lease”** means, collectively, the following leases:
- (i) Lease No.I/33183P issued by HDB to Compaq Asia Pte Ltd in respect of the land and structure(s) comprised in Lot 1935X of Mukim 19, which Lease was transferred to Landlord as Transferee/Lessee vide Transfer I/36944P registered on 6 December 2000, and includes the Variation of Lease I/49501Q registered 15 January 2002.
 - (ii) Lease No.I/31607P issued by HDB to Compaq Asia Pte Ltd in respect of the land and structure(s) comprised in Lot 1937C of Mukim 19, which Lease was transferred to Landlord as Transferee/Lessee vide Transfer I/36944P registered on 6 December 2000, and includes the Variation of Lease I/49499Q registered 16 January 2002.
 - (iii) Lease No.I/33182P issued by HDB to Compaq Asia Pte Ltd in respect of the land and structure(s) comprised in Lot 2134N of Mukim 19, which Lease was transferred to Landlord as Transferee/Lessee vide Transfer I/36944P registered on 6 December 2000, and includes the Variation of Lease I/49500Q registered 15 January 2002.
 - (iv) Lease No.I/33160P issued by HDB to Compaq Asia Pte Ltd in respect of the land and structure(s) comprised in Lot 1975P of Mukim 19, which Lease was transferred to Landlord as Transferee/Lessee vide Transfer I/36944P registered on 6 December 2000, and includes the Variation of Lease I/49502Q registered 16 January 2002.

- 1.16 "**HVAC**" has the meaning set forth in Section 4.1.
- 1.17 "**Improvements**" means all improvements, additions, alterations, removal and fixtures installed in the Premises after the Commencement Date by Tenant or at Tenant's request and expense that are not Trade Fixtures, and shall include without limitation works relating to internal partitions, floors and ceilings within, the Premises, electrical wiring, conduits, light fittings and fixtures, electrical wiring, conduits, light fittings and fixtures, fire protection devices, all plumbing and gas installations, pipes, apparatus, fittings and fixtures; and all mechanical and electrical engineering works.
- 1.18 "**Landlord**" has the meaning set forth in the introductory paragraph.
- 1.19 "**Landlord's Agents**" means the agents, employees and assigns (and their respective agents and employees) of Landlord.
- 1.20 "**Landlord Services**" is defined in Section 8.1.
- 1.21 "**Law**" means any present or future judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, Permit, standard, directive, notice, guideline, or other requirement of any local, state, federal, or other government agency or authority, including the HDB (including quasi-official entities such as a board of fire examiners, public utility of special district) having jurisdiction over the Parties to this Sublease Agreement at or the Project or any Permitted Use, including, as may be applicable, the HDH, Pollution Control Department (National Environment Agency) and Urban Redevelopment Authority.
- 1.22 "**Monthly Base Rent**" has the meaning set forth in the Sublease Summary.
- 1.23 "**Option Term**" has the meaning set forth in Section 2.2.
- 1.24 "**Permitted Use**" has the meaning set forth in the Sublease Summary.
- 1.25 "**Preexisting Hazardous Substances**" means Hazardous Substances, if any, existing in, on, under or about the Premises, Building or Project on or before the Commencement Date in violation of applicable Environmental Laws.
- 1.26 "**Premises**" has the meaning set forth in the Sublease Summary.
- 1.27 "**Private Restrictions**" means all recorded covenants, conditions and restrictions, private agreements, reciprocal easement agreements and any other recorded instruments (herein "encumbrances") affecting the use of the Premises as of the date hereof, including without limitation the terms and conditions of the Head Lease and any other conditions imposed by HDB in relation to the Premises or the Building, and all encumbrances so recorded after the date hereof which do not materially interfere with Tenant's then existing use of the Premises or, alternatively, which were approved by Tenant, which approval shall not be reasonably withheld or delayed; provided, however, that in no event shall any Private Restriction prevent, limit or restrict Tenant from utilizing the Premises for the Business Use.
- 1.28 "**Project**" has the meaning set forth in the Sublease Summary.
- 1.29 "**Release**" means any accidental or intentional spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leaching, migrating, dumping or disposing in, over, on, under, through, or about the air, land, surface water, ground water, or the environment (including without limitation the abandonment or discarding of receptacles containing any Hazardous Substances), unless and to the extent permitted or authorized by a governmental agency.
- 1.30 "**Rent**" is defined in Section 3.3.
- 1.31 "**Rules and Regulations**" is defined in Section 4.3.

- 1.32 “**Security Deposit Amount**” is the amount equivalent to three (3) months of the Monthly Base Rent and Tenant’s Contribution to be dealt with pursuant to Section 3.5, which amount shall be paid in bank guarantee or letter of credit reasonably satisfactory to Landlord.
- 1.33 “**Service Failure**” is defined in Section 7.3.
- 1.34 “**Singapore Dollar**” means the legal currency of Singapore and indicated herein as “S\$” before a dollar amount.
- 1.35 “**Site Map**” has the meaning set forth in the Sublease Summary.
- 1.36 “**Sublease Agreement**” or “**Agreement**” means this printed agreement, and all exhibits attached hereto, as the same may be amended in accordance with the Sublease Agreement from time to time; all of which are attached hereto and incorporated herein by this reference.
- 1.37 “**Sublease Term**” shall be for a period of time commencing on the Commencement Date and ending at midnight on the Expiration Date unless sooner terminated as provided herein or later extended pursuant to the terms of this Sublease.
- 1.38 “**Tenant**” has the meaning set forth in the introductory paragraph.
- 1.39 “**Tenant’s Agents**” means the agents, employees and assigns (and their respective agents and employees) of Tenant.
- 1.40 “**Tenant’s Contribution**” has the meaning set forth in the Sublease Summary.
- 1.41 “**Tenant’s Minimum Liability Insurance Coverage**” means a minimum limit of One Million Dollars (S\$1,000,000.00) per occurrence.
- 1.42 “**Trade Fixtures**” means (i) Tenant’s inventory, furniture, and business equipment, and (ii) anything affixed to the Premises for purposes of trade, manufacture, ornament or domestic use which is owned by Tenant as of the Commencement Date or thereafter acquired by Tenant at its own expense (or by another party on its behalf) and which can be removed without material injury to the Premises. Such affixed items which are an integral part of the Premises shall not constitute Trade Fixtures. Notwithstanding the foregoing, all of Tenant’s signs shall be deemed Trade Fixtures, in each case regardless of how affixed to the Premises or Common Area.
- 1.43 “**Transfer**” has the meaning set forth in Section 15.1.1
- 1.44 “**Transferee**” has the meaning set forth in Section 15.2.

SECTION 2
LETTING

- 2.1 **Letting.** Subject to Section 17.21 hereof, Landlord hereby lets to Tenant, and Tenant rents from Landlord, for the Sublease Term upon the terms and conditions of this Sublease Agreement together with the **Special Conditions** attached hereto, the Premises for Tenant’s own use in the conduct of Tenant’s business together with the non-exclusive right to use (which includes the permitted use by Tenant’s Agents, customers and invitees of) the Common Area, including, without limitation, subject to Section 4.6 hereof, the Building Parking Areas. Landlord reserves for its exclusive use all areas in the Project other than the Common Areas and the Premises, as well as the exterior walls, the roof and the area beneath and above the Premises, and Landlord reserves the right to install, maintain, use, and replace ducts, wires, conduits and pipes leading through the Premises; provided, however, that in its exercise of such rights, Landlord shall use reasonable efforts to minimize interference with Tenant’s access to and use of the Premises. By taking possession of the Premises, Tenant shall be conclusively deemed to have accepted the Premises in their then existing condition as of the Commencement Date, “AS-IS, WITH ALL FAULTS.” Tenant acknowledges and agrees that, except for the representations set forth in Section 17.17 hereof, Landlord has made no representations or warranties to Tenant,

express or implied, with respect to the Premises, whatsoever, including, without limitation, any representation or warranty as to the suitability of the Premises for Tenant's intended use.

2.2 **Option to Extend Sublease Term.** Tenant shall have the option to extend the Sublease Term for a term as specified in the Sublease Summary ("Option Term") at the then prevailing market rate and on such terms and conditions as may be imposed by HDB in granting its approval for such extension, by submitting to Landlord a written request for such extension not less than six (6) months before the expiry of the then-Sublease Term, provided that there shall not at the time of such request exist any Event of Default hereunder. Tenant's option to extend the Sublease Term under this Section 2.2 is subject to all necessary approvals having been obtained and remaining in force, including but not limited to such approvals as may be required under HDB's Terms of Approval for Subletting. If HDB approves any extension of the Sublease Term for a period shorter than the Option Term, then such extension of the Sublease Term shall be reduced to such shorter term as may be approved by HDB from time to time. Landlord shall take all steps including applying for all necessary approvals, to enable the Sublease Term to be extended in accordance with this Section 2.2 (and, for the avoidance of doubt, as contemplated in Section 1.11 hereof). Landlord shall bear all costs and expenses incurred by Landlord in connection with any extension of the Sublease Term, including without limitation legal costs and the costs of obtaining any necessary approvals. For the avoidance of any doubt, the Parties hereby confirm that it is their intention that if the Sublease Term or any Option Term as approved by HDB is less than five (5) years or if HDB's approval for any extension of the Sublease Term or Option Term is for a period less than five (5) years, Tenant shall have the option to extend the Sublease Term and subsequent terms such that the aggregate period comprising (x) the Sublease Term; (y) Option Terms; and/or (z) extended term(s) of the sublease of the Premises granted to Tenant with effect from the Commencement Date shall not be less than fifteen (15) years. Landlord shall use good faith, best endeavors to secure such approvals (including from the HDB) as necessary to ensure that the intention of the Parties may be realized; provided, however, that the foregoing covenant shall not require Landlord to pay any amounts in connection with obtaining such approvals, other than filing or similar fees which have been allocated among the Parties pursuant to this Agreement. Notwithstanding anything to the contrary hereinabove, and in addition to the renewal options set forth herein, Landlord and Tenant agree that in accordance with market practice, in connection with any discussions regarding renewal or extension of the Sublease Term, Landlord and Tenant shall negotiate in good faith regarding the reduction of the floor area of which the Premises shall be comprised in any such extended term.

The expression "prevailing market rent" for the purpose of this Section 2.2 means the market rent (inclusive of Tenant's Contribution) determined as being at the time of such determination, the prevailing market rent for the Premises. The Parties shall endeavour to agree on the prevailing market rent. If the Parties have not reached an agreement on the prevailing market rent by two (2) months before the expiry of the initial Sublease Term or any Option Term, as applicable, Landlord and Tenant shall within two (2) weeks thereof each appoint a reputable licensed valuer (and in the absence of appointment by either Party within the said two (2) week period, the Party who has appointed its licensed valuer may appoint the second licensed valuer) to determine the prevailing market rent and the average of the two (2) valuations shall be accepted by the Parties as the prevailing market rent for the Premises. Each Party shall bear the costs and expenses of and in connection with the appointment of its own licensed valuer but if two (2) licensed valuers are appointed by one (1) Party pursuant to the above provisions, then the costs and expenses of and in connection with the appointment of the two (2) licensed valuers shall be borne by Landlord and Tenant in equal shares. The licensed valuers shall act as experts and not as arbitrators and their determination shall be conclusive and binding on the Parties.

2.3 **Compliance with the Head Lease and Laws.** This Sublease Agreement, including the Sublease Term and Tenant's option to extend under Section 2.2, is subject always to the terms of the Head Lease executed between HDB and Landlord and any applicable Laws. If HDB approves this Sublease Agreement for a period shorter than the Sublease Term, then the Sublease Term shall be reduced to such shorter term as approved by HDB from time to time without prejudice to Tenant's rights to obtain the benefit of this Agreement for the entire Sublease and Option Terms as provided in Section 2.2 above. Without prejudice to the generality of the foregoing, Tenant shall: (a) observe and perform all the terms and covenants set out in the Head Lease executed between HDB and Landlord and on the part of Landlord to be observed and performed, in so far as the same are applicable to the Premises (except for the obligation to pay rent and service charge); (b) comply with all terms and conditions imposed by HDB on granting its approval to this Sublease Agreement in so far as they relate to the Premises (including HDB's Terms of Approval of Subletting); and (c) comply with any additional obligations

with which Landlord may be liable to comply with by any direction or requirement of HDB in so far as they relate to the Premises. In the event of any conflict or inconsistency between the terms of this Sublease Agreement and the terms of the Head Lease executed between HDB and Landlord, the latter shall prevail. Landlord warrants and represents that a true and complete copy of each of the Head Lease executed between HDB and Landlord, HDB's Terms of Approval for Subletting and (if any) the additional obligations to be complied with by Landlord, are attached hereto as Exhibit D. In the event the terms of the Head Lease are amended, Landlord shall notify Tenant of such amendments within reasonable time of knowledge of the same.

2.4 **Termination of Head Lease.**

- (a) The Parties acknowledge that, under HDB's Terms of Approval of Subletting, HDB may revoke its subletting approval for this Sublease Agreement upon giving Landlord three (3) months' written notice without being liable for any inconvenience, loss damages, compensation, costs or expenses whatsoever.
- (b) If HDB gives Landlord notice to revoke its subletting approval for this Sublease Agreement pursuant to the aforesaid, or the Head Lease is terminated for whatever reason then on the expiry of such notice or on such termination (as the case may be), this Sublease Agreement will terminate immediately provided that Landlord immediately notifies Tenant of such notice from HDB or such termination of the Head Lease upon knowledge of the same. The termination will not affect the rights of either Party against the other Party for any previous default of that other Party of the provisions of this Sublease Agreement. Landlord will not be liable for any inconvenience, loss, damage, cost expense or compensation in connection with the termination of this Sublease Agreement pursuant to this Section 2.4, unless such termination arises as a result of either a default under the Head Lease by Landlord or any other willful act or omission of Landlord.

SECTION 3

RENT & AIR-CONDITIONING CHARGES

- 3.1 **Monthly Base Rent.** Commencing on the Commencement Date and continuing on the first day of each month throughout the Sublease Term, Tenant shall pay Landlord without offset, deduction or prior notice except as otherwise provided hereunder, the Monthly Base Rent, as base rent for the Premises. Landlord shall at all times inform HDB of any changes in the Monthly Base Rent charged. In the event of any changes, HDB reserves the right to revise the applicable subletting fee, which is subject to applicable goods and services tax. The Monthly Base Rent shall be adjusted to the then prevailing market rent during the Sublease Term upon the expiry of the year as specified in the Sublease Summary. The expression "prevailing market rent" for the purpose of this Section 3.1 shall have the same meaning as Section 2.2 herein.
- 3.2 **Additional Rent.** Commencing on the Commencement Date and continuing throughout the Sublease Term, subject to Section 8 of this Agreement, Tenant shall pay the following as additional rent (the "**Additional Rent**"): (i) Tenant's Contribution and (ii) any other charges due to the Landlord pursuant to this Sublease Agreement.
- 3.3 **Payment of Rent and Air-Conditioning Charges.** All Monthly Base Rent and Tenant's Contribution (collectively, the "**Rent**") and Air-Conditioning Charges shall be paid in advance on the first day of each calendar month during the Sublease Term. All amounts due hereunder shall be paid in the lawful currency of Singapore, without any abatement, deduction or offset whatsoever or without any prior demand therefor (except, in any case, as otherwise expressly provided herein). Rent and Air-Conditioning Charges shall be paid directly to Landlord at the primary Landlord notice address set forth on the Sublease Summary, or such other address as may be designated in writing by Landlord upon 30 days' prior written notice to Tenant in accordance with Section 17.9. Tenant's obligation to pay Monthly Base Rent shall be prorated for any partial month based on a thirty (30) day month. As used herein, the word "month" shall mean a period beginning on the first (1st) day of a calendar month and ending on the last day of that calendar month.

3.4 **Late Charge and Interest on Rent and Air-Conditioning Charges in Default.** Tenant acknowledges that the late payment by Tenant of any monthly installment of Monthly Base Rent, any Additional Rent or Air-Conditioning Charges will cause Landlord to incur certain costs and expenses not contemplated under this Sublease Agreement, the exact amount of which are extremely difficult or impractical to fix. Such costs and expenses will include, without limitation, administration and collection costs and processing and accounting expenses. Therefore, if any such Monthly Base Rent, Tenant's Contribution or Additional Rent is not received by Landlord from Tenant within five (5) days after the delinquent amount became due, Tenant shall immediately pay to Landlord a late charge equal to S\$4,000; provided, however, that the aforementioned late charge will not apply to the first late payment, if any, during the period commencing on the Commencement Date and ending on the first anniversary thereof. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its loss suffered by Tenant's failure to make timely payment. In no event shall this provision for a late charge be deemed to grant to Tenant a grace period or extension of time within which to pay any rent or prevent Landlord from exercising any right or remedy available to Landlord upon Tenant's failure to pay any rent due under this Sublease Agreement in a timely fashion, including the right to terminate this Sublease Agreement. If any amount due hereunder is not paid on or before the fourteenth (14th) day following the due date, then, without prejudice to any of Landlord's other rights and remedies and in addition to such late charge, Tenant shall pay to Landlord interest on the delinquent amount at the Agreed Interest Rate from the date such amount became due until paid.

3.5 **Security Deposit.**

3.5.1 Tenant shall, as soon as commercially practicable hereafter but in no event later than the Commencement Date pay to and maintain with Landlord the Security Deposit Amount:

- (a) as security for compliance by Tenant of all the provisions in this Sublease Agreement; and
- (b) to secure or indemnify Landlord against:
 - (i) any loss or damage from any default by Tenant under the Sublease Agreement; and
 - (ii) any other claim by Landlord at any time against Tenant in relation to any matter arising out of or in connection with the Premises.

3.5.2 Without prejudice to any of Landlord's rights or remedies, if any default by Tenant under this Sublease Agreement occurs, Landlord is entitled (but not obliged) to apply the whole or part of the Security Deposit Amount in or towards making good any loss or damage sustained by Landlord as a result of that default and any expense incurred by Landlord in making good the loss or damage, in any manner as may be prescribed by Landlord.

3.5.3 Tenant must pay to Landlord within seven (7) days of the demand being made (a) an amount equal to the amount applied by Landlord under Section 3.5.2 above, as replacement of the part or whole of the Security Deposit Amount applied, (b) any shortfall in the Security Deposit Amount in the event of a change in the Monthly Base Rent and/or Tenant's Contribution.

3.5.4 Landlord must repay to Tenant, the Security Deposit Amount, without interest and after proper deductions by Landlord, within one (1) month after the end of the Sublease Term or termination of this Sublease if Tenant has then paid all sums owing and performed all other obligations under this Sublease Agreement to the satisfaction of Landlord.

3.5.5 Tenant must not set-off any part of the Security Deposit Amount against any Rent or other sums owing to Landlord.

3.5.6 The rights of Landlord under this Section 3.5 are in addition to and will not affect the other rights of Landlord under this Sublease Agreement.

- 3.6 **Air-Conditioning Charges.** Commencing on the Commencement Date and continuing throughout the Sublease Term, Tenant shall pay the Landlord the Air-conditioning Charges for the supply of air-conditioning to the Premises, such costs to be calculated by the Landlord and notified to the Tenant in writing. Landlord reserves the right to adjust such Air-Conditioning Charges from time to time. Landlord's decision to adjust the Air-Conditioning Charges either upwards or downwards shall be based on factors including but not limited to the prevailing market rates and the price of crude oil which affects the price of Landlord's power contract with the electricity supplier.

SECTION 4
USE OF PREMISES

- 4.1 **Limitation on Type.** Tenant shall use the Premises solely for the Permitted Use and for no other purpose. Tenant shall not do or permit anything to be done or omit to do anything in or about the Premises that will (i) cause structural injury to the Premises or Project, (ii) cause damage to any part of the Premises or Project, or (iii) violate, or cause Landlord to be in violation of, any Laws or Private Restrictions. Tenant shall not operate any equipment within the Premises that will (iv) injure, vibrate or shake the Premises or Project, (v) interfere with, impose additional load on or overload existing electrical systems or other mechanical equipment servicing the Premises or Project, (vi) impair the efficient operation of the sprinkler system or the heating, ventilating or air conditioning ("HVAC") equipment within or servicing the Premises or Project, or (vii) damage, overload, or corrode the plumbing or sanitary sewer system. Tenant shall not attach, hang or suspend anything from the ceiling, roof, walls or columns of the Premises or set any load on the floor in excess of the load limits for which such items are designed nor operate hard wheel forklifts within the Premises. Tenant's use of the Premises shall not (viii) create a fire or health hazard, (ix) damage the Premises, or (x) violate any Environmental Laws. Tenant shall keep the Premises in a neat, clean, attractive and orderly condition, free of any objectionable noises, odors, dust or nuisances.
- 4.2 **Compliance with Laws and Private Restrictions.** Tenant's lease of the Premises shall be subject to (i) all Laws, (ii) all Private Restrictions, and (iii) to the extent same do not increase Tenant's obligations or reduce its rights under this Agreement or otherwise conflict with this Agreement, the Rules and Regulations from time to time promulgated by Landlord pursuant to Section 4.3, governing the use of the Premises. Tenant shall not use or permit any person to use the Premises in any manner which violates any Laws or Private Restrictions. Tenant shall abide by and promptly observe and comply with all Laws and Private Restrictions. Without prejudice to the above, Tenant shall: (i) comply with all requirements under any present or future Act of Parliament, order, by-law or regulation as to the use or occupation of the Premises; (ii) execute with all due diligence all works to the Premises for which Tenant is liable in accordance with this Section 4 and of which Landlord has given written notice to Tenant, and if Tenant shall fail to do so after adequate notice and opportunity to undertake same, Tenant shall permit Landlord to enter the Premises to carry out such works and to pay to Landlord on demand the expense of so doing (including surveyors' and other professional advisers' fees) together with interest at the Agreed Interest Rate from the date of expenditure until payment by Tenant to Landlord; and (iii) not allow the Premises to enter, remain or be used as a place in which any person is employed in contravention of Section 57(1)(e) of the Immigration Act (Cap. 133), Section 5 of the Employment of Foreign Manpower Act (Cap. 91A) and any other similar Law in force at the moment.
- 4.3 **Rules and Regulations.** Tenant shall observe and comply with the Rules and Regulations attached to this Sublease Agreement as Exhibit B attached hereto and made a part hereof (the "Rules and Regulations"). Subject to the limitation in Section 4.2 above, Landlord shall have the right at any time and from time to time to make, add to, amend, cancel or suspend such Rules and Regulations in respect of the Building as in the judgment of Landlord may from time to time be required for the management, safety, care or cleanliness of the Building or for the preservation of good order therein or for the convenience of tenants or for the use of the common areas of the Building, including without limitation, the hours of access and fees, if any, payable by the users thereof, for the use of the facilities (if any) in the Building provided by Landlord and all such Rules and Regulations shall bind Tenant upon delivery of a copy thereof to Tenant upon (and from the date on which notice in writing thereof is given to Tenant by Landlord); provided, however, that Landlord shall not be liable to Tenant in any way for violation of the Rules and Regulations by any person including other tenants of the Building or the employees, independent contractors, agents, visitors, invitees or licensees of any such persons. If

there shall be any inconsistency between the provisions of this Sublease Agreement and the provisions of such Rules and Regulations then the provisions of this Sublease Agreement shall prevail. Landlord shall not be responsible for, or subject to any liability as a result of, the violation by Tenant or any other person of any such Rules and Regulations. Landlord shall use best endeavors to uniformly enforce the Rules and Regulations.

- 4.4 **Insurance Requirements.** Tenant shall not use or permit any person to use the Premises in any manner whereby any policy of insurance on including or in any way relating to the Premises taken out by Landlord may become void or voidable or whereby the rate of premium thereon or on the remainder of the Building may be increased.
- 4.5 **External Areas and Outer Doors.** No materials, supplies, tanks or containers, equipment, finished products or semi-finished products, raw materials, inoperable vehicles or articles of any nature shall be stored upon or permitted to remain outside of the Premises except by the loading docks and related holding areas. Landlord shall so far as practicable keep the outer doors of the Building open so as to provide Tenant and Tenant's employees, independent contractors, agents and permitted occupiers uninterrupted access subject always to the closure of the outer doors of the Building at such time as Landlord in its own discretion shall think fit. Landlord may in the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in landlord's opinion, prevent access to the Building during the continuance of the same and for so long and in such manner as Landlord deems necessary including the closure of all doors and entrances of the Building.
- 4.6 **Parking and Loading Docks.** Tenant is allocated and shall have the right to use a number of parking stalls in the Building Parking Area determined based on a ratio of 1 stall per each 110 square meters of lettable space then-leased by Tenant hereunder for its use and the use of Tenant's Agents, customers and invitees throughout the Sublease Term, Option Terms and any other extension term of this lease. Tenant shall not at any time use more parking stalls than the number so allocated to Tenant or park its vehicles or the vehicles of others in any portion of the Project outside of the Building Parking Areas. Tenant shall not have the exclusive right to use any specific parking stall but Landlord shall provide Tenant access to all Building Parking Areas including the basement parking area. Landlord reserves the right, after having given Tenant reasonable written notice, to have any vehicles owned by Tenant or Tenant's Agents utilizing parking spaces in excess of the parking spaces allowed for Tenant's use or in any portion of the Project outside of the Building Parking Areas, to be towed away at Tenant's cost. All trucks and delivery vehicles shall be (i) parked at the rear of the Building, (ii) loaded and unloaded in a manner which does not unreasonably interfere with the businesses of Landlord or other occupants of the Project, and (iii) permitted to remain on the Project only so long as is reasonably necessary to complete loading and unloading. In the event Landlord elects or is required by any Law to limit or control parking in the Project, whether by validation of parking tickets or any other method of assessment, Tenant agrees, at no expense or inconvenience to Tenant or Tenant's Agents, to participate in such validation or assessment program under such reasonable rules and regulations as are from time to time established by Landlord.
- 4.7 **Fire Prevention.** Tenant shall co-operate with Landlord to establish a fire-safe environment for all users of the Building. For this purpose, Tenant shall: (i) participate in all fire drills; (ii) attend fire safety awareness talks; (iii) practice the use of fire extinguishers; and (iv) participate in any other activities deemed necessary by Landlord or as directed by the authorities from time to time.
- 4.8 **Weights and Stresses.** Tenant shall obtain the prior written consent of Landlord before bringing upon the Premises any heavy machinery or other plant, equipment or goods with an imposed load in excess of 4 KN/m² (or such other weight as may be prescribed by Landlord as being applicable to the Premises). Landlord may direct the routing, installation and location of all such machinery, plant, equipment and goods and Tenant shall comply with all such directions. Landlord shall in all cases retain and have the power to prescribe the weight and proper position of all iron or steel safes and other heavy machinery and equipment, articles or goods whatsoever in the Premises and any or all damage caused to the Building or any part thereof by Tenant or anyone on its behalf by taking in or moving out any safe, items of machinery and equipment, furniture, goods or other articles or during the time such are in the Building, shall be made good by Tenant. If Tenant shall not within seven (7) days of Landlord's notice, proceed diligently to repair or make good the damage, Landlord may repair or make good the same and the expenses of Landlord together with interest at the Agreed Interest Rate from date of expenditure until payment by Tenant to Landlord shall be paid by Tenant on demand and such

monies shall be recoverable as if they were rent in arrears. Notwithstanding anything to the contrary hereinabove, Landlord acknowledges and covenants that the location and load of any such machinery, plant, equipment and goods as of the date of this Agreement is in compliance with the aforesaid requirements.

- 4.9 **Upkeep of the Premises.** Tenant shall: (i) keep the Premise free of pests, rodents, vermin and insects; (ii) keep the windows of the Premises closed at all times and not to erect or install any sign, device, furnishing, ornament or object which is visible from the street or from any other building and which, in the reasonable opinion of Landlord, is incongruous or unsightly and will detract from the general appearance of the Building; (iii) ensure that the decor and design of the exterior of the Premises are in accordance with plans and specifications previously submitted to and approved by Landlord, and not to make any changes to such external parts without the prior written consent of Landlord; (iv) ensure that all doors of the Premises are safely and properly locked and secured when the Premises are not occupied; (v) not cover or obstruct or permit to be covered or obstructed in any manner or by any other article or thing (other than window blinds approved by Landlord), the windows, sky-lights or ventilating shafts or air inlets or outlets which reflect or admit light or enable air to flow into or out of the Premises or any part of the Building; (vi) not employ in or about the Premises any cleaner other than a cleaning contractor approved by Landlord to carry out the cleaning work for the Premises and Tenant shall not have any claim against Landlord for any act, omission or negligence of such cleaner in or about the performance or purported performance of his duties; and (vii) ensure that all sweepings, rubbish, refuse, waste paper or other similar substances are properly disposed of in accordance with the guidelines, rules and regulations prescribed by Landlord from time to time and not to throw, place or allow to fall or cause or permit to be thrown or placed any sweepings, rubbish, refuse, waste paper or other similar substances in the lift shafts, water-closets or other conveniences in the Building and Tenant shall on demand pay to Landlord the costs of repairing any damage to such lift shafts, water-closets or other conveniences arising therefrom.
- 4.10 **Nuisance and Other Restrictions.** Tenant shall not: (i) use the Premises for any noxious, noisy or offensive trade or business nor for any illegal or immoral act or purpose; (ii) hold in or on the Demised Premises any public entertainment; (iii) permit any vocal or instrumental music in the Premises so that it can be heard outside the Premises; (iv) permit pets of any kind to be kept on the Premises; (v) do in or upon or permit to be done in or upon the Premises anything which may be or may become a nuisance, annoyance, disturbance, inconvenience or damage to Landlord or its other tenants of the Building or to the owners, tenants and occupiers of adjoining and neighboring properties; (vi) allow any person to sleep in the Premises nor to use the Premises for residential purposes; (vii) permit or cause to be permitted other than in designated areas the placing or parking of bicycles, motor cycles or scooters, trolleys and other wheeled vehicles and/or the stocking or storage or littering of goods or things in the common parts of the Building, the corridors, passageways, pavements and the car-parking areas, and Tenant shall keep all such internal and external parts of the Building clear and free of all obstruction at all times; provided that motorcycles shall continue to be permitted to be parked on the surface parking areas and in the basement parking area and bicycles may be parked on corners not obstructing any traffic; (viii) place or take into the passenger lifts any baggage, furniture, parcels, sacks, bags, heavy articles or other goods or other merchandise save only such light articles as briefcases, attaché cases and handbags and to use only the service lift prescribed by Landlord for the transportation of furniture, goods and other heavy equipment; (ix) permit or allow food trays and tiffin carriers to be brought into or carried in any passenger lift and Tenant shall ensure that such items are conveyed in the service lift only; (x) permit or allow the contractors, workmen or cleaners (with or without equipment and tools) engaged by Tenant to use the passenger lifts of the Building and to ensure that they use only the service lift prescribed by Landlord; (xi) solicit business, display or distribute advertising material in the carparks or other common areas of the Building; (xii) ensure that Tenant and Tenant's Agents shall use the utility areas, water closets and toilet facilities in the common parts of the Building in such a manner that (a) such utility areas, water closets and toilet facilities will not be left by Tenant and Tenant's servants, agents independent contractors and permitted occupiers in an unhygienic condition nor left in an untidy or dirty state or condition, (b) the pipes, drains, basins and sinks in such utility areas, water closets and toilet facilities are clean and unblocked and (c) does not result in excessive and unreasonable water consumption in the utility areas, water closets and toilet facilities; (xiii) permit trade vehicles while being used for delivery and pick up of merchandise to or from the Premises to be driven parked or stopped at any place or time within the Building except within the loading dock of the Building and except at such other place or places and at such time or times as Landlord may specifically allow and Tenant shall prohibit its employees service suppliers and

others over whom Tenant may have control from parking delivery vehicles during loading or unloading in any place other than the specifically approved loading dock and such other specifically approved places as aforesaid, and from obstructing in any manner howsoever the entrances exits and driveways in and to the common parking areas and also the pedestrian footways in or to the common parts of the Building; or (xiv) carry out or permit unauthorized smoking in the Premises and the lobbies, corridors, staircases, lifts, hoists, lavatories and other parts in common use in the Building, and Tenant shall in accordance with the Smoking (Prohibition in Certain Places) Act (Cap. 310) appoint a manager who may adopt any means to bring to Tenant's Agents attention to such prohibition.

- 4.11 **Use and Name of Building.** Landlord shall have the right at all times to change the name or number by which the Building is known, which Landlord shall give ample notice to the Tenant, stating the reason of such change. Notwithstanding this, Landlord may consider Tenant's feedback to the change of name or number, if any. So long as Tenant occupies at least 50% of the Building, Landlord shall not lease, license, sublease or otherwise permit occupancy in the Building by any entity or person whose primary business is the Business Use, unless the parties otherwise agree. Tenant shall not use the name of the Building as part of its trade or business name, other than as its address and place of business. Tenant shall not use a name, trade mark or service mark which includes the name of the Building or any derivative name sounding similar thereto for any purpose whatsoever.
- 4.12 **Signs.** Tenant shall not place or display on the exterior of the Premises or on the windows or inside the Premises so as to be visible from the exterior of the Premises any name, writing, notice, sign, illuminated sign, display of lights, placard, poster, sticker or advertisement other than (i) the name of Tenant sign written on the entrance doors of the Premises in a style and manner previously approved in writing by Landlord, (ii) the name of Tenant displayed in such indicator board in the Building as Landlord may designate from time to time, and (iii) exterior monument signage at the Project as may otherwise be agreed to between Landlord and Tenant. All such approved signs shall strictly conform to all Laws and Private Restrictions and shall be installed at the expense of Tenant. If any name, writing, notice, sign, placard, poster, sticker or advertisement shall be placed or displayed in breach of these provisions, Tenant hereby agrees to permit Landlord to enter the Premises and to remove such name, writing, notice, sign, placard, poster, sticker or advertisement and to pay to Landlord on demand the expense of so doing. If Landlord so elects, Tenant shall, at the expiration or sooner termination of this Sublease Agreement, remove all signs installed by it and repair any damage caused by such removal. Tenant shall at all times maintain such signs in good condition and repair. Notwithstanding the foregoing, subject to Tenant shall have the right to install three (3) external signs as follows: two (2) to be located at the entrances to the Project as located on the Site Map and one (1) on the façade of the Building, in each instance next to (and of comparable size and prominence) as the existing Agilent signs. Tenant shall maintain such signs at its own cost and expenses.
- 4.13 **Landlord's Right to Deal with Adjoining Property.** Landlord may deal as it may think fit with other property belonging to Landlord adjoining or nearby the Project and to erect or suffer to be erected on such property in compliance with Law any buildings whatsoever whether or not such buildings shall affect or diminish the light or air which may now or at any time be enjoyed by Tenant in respect of the Premises. Landlord shall have the right at all times without obtaining any consent from or making any arrangement with Tenant to alter, reconstruct or modify in any way whatsoever or change the use of the parts of the Building (including all fixtures, fittings, machinery and apparatus therein and thereto), which are defined to be common property under the Land Titles (Strata) Act or if the Building is not subdivided and registered under the Land Titles (Strata) Act, those parts of the Building which would reasonably be deemed to be common property if the Building had been subdivided and registered under that Act, so long as proper means of access to and egress from the Premises are afforded and essential services are maintained at all times. Nothing contained in this Sublease Agreement shall confer on Tenant any right to enforce any covenant or agreement relating to other parts of the Building demised by Landlord to others, or limit or affect the right of Landlord in respect of any such other premises to deal with the same and impose and vary such terms and conditions in respect thereof in any manner as Landlord may think fit. Landlord and its workmen and agents shall be entitled, at any time after delivery of the Premises to Tenant and prior to the issue of the Certificate of Statutory Completion, to make such alterations or additions to the Premises as may be required by the competent authorities for purpose of the issue of the Certificate of Statutory Completion and Tenant shall permit Landlord, its workmen and agents access into the Premises at all reasonable times for that purpose. In the event that the issue of the Certificate of Statutory Completion is rejected or otherwise withheld or delayed as a result of any deviation, alteration, addition or installation carried out or caused to be carried out by

Tenant without the written consent of Landlord or as a result of any act, default or omission on the part of Tenant, Landlord may by notice in writing require Tenant to rectify the same within a period of seven (7) days and if Tenant does not comply with Landlord's notice within the said period of seven (7) days, Landlord and its workmen and agents shall be entitled to enter into the Premises to make such necessary alterations or additions to the Premises as may be required by the competent authorities, and to recover from Tenant the cost of such alterations or additions together with interest at the Agreed Interest Rate thereon from and including the date the costs were so incurred by Landlord until the date they are paid (such costs and interest to be recoverable as if they were rent in arrears).

SECTION 5
TRADE FIXTURES AND IMPROVEMENTS

- 5.1 **Trade Fixtures.** All Trade Fixtures shall remain Tenant's property.
- 5.2 **Landlord's Approval for Improvements.** Tenant shall not construct any Improvements or otherwise make any alterations or additions to the Premises or Project without Landlord's prior written approval which approval shall not be unreasonably withheld or delayed and not until Landlord shall have first approved the plans and specifications therefore. For purpose of seeking Landlord's approval herein, Tenant shall submit to Landlord all plans, layouts, designs, drawings, specifications and details of proposed materials to be used for any proposed Improvements. Landlord shall be entitled to require Tenant to engage an architect, engineer or other consultant(s) for the purpose of considering the plans, specifications and materials relating to the proposed Improvements and for the purpose of supervising all works carried out by Tenant, if necessary, having regard to the Improvements. Tenant shall obtain the prior written approval of Landlord to its appointment of the architect, engineer or other consultant(s) pursuant to this Section (such approval not to be unreasonably withheld or delayed).
- 5.3 **Carrying out of Improvements.** All Improvements to the Premises shall only be carried out (i) in the case of any mechanical and electrical engineering works by a specialist contractor employed by Tenant subject to consent of Landlord (such consent not to be unreasonably withheld or delayed). All Improvements undertaken by Tenant shall be done in accordance with all Laws, and all planning and other consents necessary or required pursuant to the provisions of any statute, rule, order, regulation or by-law for any Improvement to the Premises or any part thereof, shall be applied for and obtained by Tenant at its own cost and expense. Tenant shall not commence construction of any Improvements until (i) all required governmental and regulatory approvals and permits shall have been obtained and copies of same have been provided to Landlord, (ii) all requirements regarding insurance imposed by this Sublease Agreement have been satisfied, (iii) Tenant shall have given Landlord at prior written notice of its intention to commence such construction, (iv) Tenant shall have notified Landlord by telephone of the commencement of construction on the day it commences, and (v) if requested by Landlord in its reasonable discretion, Tenant shall have obtained or caused its general contractor to obtain contingent liability and broad form builders risk and/or such forms of insurance and/or completion and performance bonds in an amount reasonably satisfactory to Landlord. Tenant shall carry out and complete all Improvements to the Premises in accordance with plans, layouts, designs, drawings, specifications and using materials approved by Landlord, in a good and workmanlike manner using new materials of good quality, in accordance with all planning and other consents referred to above, and in compliance with the reasonable requirements of appointment consultant(s). All Improvements shall remain the property of Tenant during the Sublease Term, but shall not be damaged, altered, or removed from the Premises. At the expiration or sooner termination of the Sublease Term, all Improvements shall be removed from the Premises in accordance with the provisions of Section 17.5.
- 5.4 **Alterations Required by Law.** Tenant shall, at its own cost, make any alteration, addition or change of any sort to the Premises that is required by any Law because of (i) Tenant's particular use or change of use of the Premises, (ii) Tenant's application for any permit or governmental approval, or (iii) Tenant's construction or installation of any Improvements or Trade Fixtures. Any other alteration, addition or change required by Law that is not the responsibility of Tenant pursuant to the foregoing shall be made by Landlord at Landlord's own cost and expense.
- 5.5 **Prohibited Alterations.** In no event shall Tenant make any Improvements to the Premises or the Project which could affect the structural integrity or the exterior design of the Premises or the Project,

or paint or make any Improvements or exert any force or load on the curtain wall, its frame structure and all its related parts or to place or affix any structures or articles or materials thereon which would otherwise render the warranty granted in favor of Landlord in respect of such wall and structure null and void. Tenant shall not erect, install or put up any exterior lighting, shade, canopy, awning, shed or other structure, whether permanent or temporary, at or on, in front of or elsewhere outside the Premises.

SECTION 6
REPAIR AND MAINTENANCE

- 6.1 **Tenant's Obligation to Maintain.** Except as otherwise provided in Sections 6.2 and 12.1, Tenant shall, at its sole cost and expense, be responsible for the following during the Sublease Term:
- 6.1.1 Tenant shall at all times repair and to keep in a clean and good state of tenantable repair and condition (fair wear and tear and damage by Landlord excepted), the Premises and every part thereof, through regular inspections and servicing, including without limitation the interior thereof, the flooring, interior plaster or other surface material or rendering on walls and ceilings, fixtures therein, all doors, windows, glass, locks, fastenings, installations and fittings for light and power, any automatic fire extinguisher equipment in the Premises, all above ground plumbing facilities (including all sinks, toilets, faucets and drains), and all ducts, pipes, vents or other parts of the HVAC or plumbing system, all electrical facilities and all equipment (including all lighting fixtures, lamps, bulbs, tubes, fans, vents, exhaust equipment and systems), all improvements and additions to the Premises and all Landlord's fixtures, fittings and appurtenances of whatever nature affixed or fastened to the Premises, and without prejudice to the generality of the foregoing, to replace at Tenant's cost all broken or blown light bulbs, globes or tubes installed upon the Premises and to make good to the satisfaction of Landlord any damage or breakage caused to any part of the Premises or to Landlord's fixtures and fittings therein by the bringing in or removal of Tenant's goods or effects or resulting from any action or omission of Tenant or Tenant's Agents.
- 6.1.2 All repairs and replacements required of Tenant shall be promptly made with new materials of like kind and quality. If the work affects the structural parts of the Premises or if the estimated cost of any item of repair or replacement is in excess of the Twenty-Five Thousand Dollars (\$25,000.00), then Tenant shall first obtain Landlord's written approval of the scope of the work, plans therefor, materials to be used, and the contractor.
- 6.1.3 If any damage or injury is caused to Landlord or to any person whomsoever directly or indirectly on account of the condition of any part of the interior of the Premises (including flooring, walls, ceiling, doors, windows, curtain wall and its related parts including fluorocarbon coating thereon and other fixtures), to be wholly responsible therefor and to indemnify Landlord against all claims, demands, actions and legal proceedings whatsoever made upon Landlord by any person in respect thereof. In the interpretation and application of the provisions of this sub-clause, the decision of the surveyor or architect of Landlord shall be final and binding upon Tenant (in the absence of manifest error).
- 6.2 **Landlord's Obligation to Maintain Repair and Replace.** Landlord shall repair and maintain (i) all utility and other building systems serving the Premises to the point of entry into the Premises, including without limitation the mechanical, electrical, plumbing and other systems serving the Premises, (ii) the roof and the other structural components of the Premises, including but not limited to the footings, the foundation, the structural floor and the load bearing walls of the Premises, (iii) the exterior skin of the Premises, and (iv) all underground utilities, including sewer and water mains and other underground plumbing, serving the Premises, so that the same are kept in good order and repair. Additionally, Landlord shall clean, provide janitorial service (except with respect to the Premises which is Tenant's cost and responsibility) for, maintain in good order, condition and repair and replace when necessary the Building in which the Premises are located and the Common Area and every part and system of, or serving, the foregoing (including, without limitation, structural parts of the Building including without limitation foundations, load bearing and exterior walls, sub-flooring, structural roof and roofing, windows and frames, gutters, and downspouts on the building, sidewalks, curbs, parking lots, lamp and light bulb replacement, electrical, lighting, plumbing and sewage systems and equipment and heating,

ventilating, air-conditioning, elevators, emergency, fire protection, life safety, and support systems servicing the Building), through regular inspections, servicing, repair and, as commercially reasonably appropriate, replacement, each at a minimum in the same manner and to the same schedule and specification as currently being performed prior to the Closing. Landlord may engage contractors of its choice to perform the obligations required of it by this Section, and the necessity of any expenditure to perform such obligations shall be at the sole discretion of Landlord.

- 6.3 **Control of Common Area.** Landlord shall at all times have exclusive control of the Common Area. Landlord shall have the right, without the same constituting an actual or constructive eviction and without entitling Tenant to any abatement of Rent, to: (i) close any part of the Common Area to whatever extent required in the opinion of Landlord's counsel to prevent a dedication thereof or the accrual of any prescriptive rights therein; (ii) temporarily close the Common Area to perform maintenance or for any other reason deemed sufficient by Landlord; (iii) change the shape, size, location and extent of the Common Area; (iv) eliminate from or add to the Project any land or improvement, including multi-deck parking structures; (v) make changes to the Common Area including without limitation changes in the location of driveways, entrances, passageways, doors and doorways, elevators, stairs, restrooms, exits, parking spaces, parking areas, sidewalks or the direction of the flow of traffic and the site of the Common Area; (vi) remove unauthorized persons from the Project; or (vii) change the name or address of the Premises or Project. Tenant shall keep the Common Area clear of all obstructions created or permitted by Tenant. In exercising any such rights regarding the Common Area, Landlord shall make a reasonable effort to minimize any disruption to Tenant's business. In the event Landlord elects to remodel or construct improvements upon any part of the Common Area located outside of the Premises, Tenant will cooperate with such remodeling or construction, including Tenant's tolerating temporary inconveniences in order to facilitate such remodeling or Construction.

SECTION 7 UTILITIES

- 7.1 **Utilities.** Utility lines and facilities required by Tenant for Tenant's Permitted Use of the Premises are presently at the Premises, fully installed, assessed and operational, and Landlord shall be responsible at all times for the maintenance and repair of all such utility lines and facilities as provided in Section 6.2 hereof. The term "Utility" or "Utilities" as used in this Section 7.1 shall include gas, electricity, water (including water for fire protection service), sewer (both sanitary and storm), telephone and waste pickup. Tenant shall promptly pay all charges including any taxes now or in the future imposed by SP Services Ltd. or other appropriate authority in respect of the Utilities, and any other utilities, materials or services supplied and metered separately to the Premises which shall be consumed or supplied on or to the Premises, or an appropriate proportion thereof attributable to the Premises, and pay all necessary hire charges for any equipment or appliances supplied to Tenant by SP Services Ltd. or other appropriate authority. In the event of such Utilities and other services not being supplied and metered separately to the Premises, to pay to Landlord a proportionate part of the cost thereof, such cost to be calculated by Landlord and notified to Tenant by a statement from Landlord in writing, such statement to be conclusive as to the amount thereof (save for manifest error and Tenant's right to audit pursuant to Section 8.5 below), and in the event of SP Services Ltd. or other equivalent authority responsible for the supply of the Utilities and any other services supplied and used in the Building increasing the charges therefor, Tenant shall pay to Landlord a proportionate part of the increased costs thereof, such costs to be calculated by Landlord and notified to Tenant by a statement from Landlord in writing, such statement to be conclusive as to the amount thereof (save for manifest error and Tenant's right to audit pursuant to Section 8.5 hereof).
- 7.2 **Electrical Meter.** Notwithstanding anything to the contrary in Section 7.1, Landlord covenants that a separate meter for electricity for the Premises shall, at the sole expense of Landlord, be (a) installed as soon as practicable following the date hereof and (b) maintained during the Sublease Term.
- 7.3 **Compliance with Governmental Regulations.** Landlord and Tenant shall comply with all rules, regulations and requirements promulgated by the Government of the Republic of Singapore, statutory bodies or any other national, state or local governmental agencies or utility suppliers concerning the use of utility services, including any rationing, limitation or other control. Landlord may voluntarily cooperate in a reasonable manner with the efforts of all governmental agencies or utility suppliers in

reducing energy or other resources consumption. Tenant shall not be entitled to terminate this Sublease Agreement nor to any abatement in rent by reason of such compliance or cooperation. Tenant agrees at all times to cooperate fully with Landlord and to abide by all reasonable rules, regulations and requirements which Landlord may prescribe in order to maximize the efficient operation of the HVAC system and all other utility systems. In the event of an interruption in or failure or inability by Landlord to provide water, natural gas or electrical utility services to the Premises (a "Service Failure"), unless such Service Failure is caused by any act or omission of Landlord or Landlord's Agents, such Service Failure shall not, regardless of its duration, impose upon Landlord any liability whatsoever, constitute an eviction of Tenant, constructive or otherwise, entitle Tenant to an abatement of Rent (except as hereafter provided) or to terminate this Sublease Agreement or otherwise release Tenant from any of Tenant's obligations under this Sublease Agreement.

SECTION 8
LANDLORD SERVICES ETC.

- 8.1 **Landlord Services.** Landlord shall provide to Tenant the services set forth on Exhibit C hereto (the "Landlord Services").
- 8.2 **Air-conditioning Services.** Landlord shall maintain operation of the Building Central Plant to provide for HVAC when necessary for normal comfort in the Premises. The hours and temperatures (within a customary comfort range for the location with a Permitted Use of this nature) shall be subject to Tenant's control through a building automation system serving the Premises. Tenant shall pay the Air-conditioning Charges to Landlord in accordance with Sections 3.3 and 3.6 hereof.
- 8.3 **Increase in Tenant's Contribution.** Effective at each of 1st of November 2013, 1st of November 2015, 1st of November 2018, 1st of November 2020 and 1st of November 2023 (each a "Tenant's Contribution Increase Date") (provided that the Sublease Term is still subsisting at the relevant time), Landlord shall be entitled, by notice in writing to Tenant, to increase Tenant's Contribution if there is any increase in Landlord's cost of providing services. Any increase in Tenant's Contribution shall be payable from the date specified in Landlord's notice but in each instance not earlier than the then applicable Tenant's Contribution Increase Date. Such notice shall, save for manifest error and subject to Tenant's audit right, be conclusive and binding on Tenant, both as to Tenant's liability for such increase and the amount thereof.
- 8.4 **Audit Right.** Landlord agrees to grant Tenant the right to review, inspect and contest Landlord's books and records relating to any Landlord Service, the Air-conditioning Charges or any other charges or sums claimed by Landlord to be due and payable by Tenant hereunder, during regular operating hours and at Tenant's sole expense; provided, however, that such right may not be exercised more than two times (2x) during any twelve-month period.

SECTION 9
PROPERTY TAXES

- 9.1 Property tax imposed or levied by the relevant government authority on the Premises or on the Project (or any part thereof) and as may be apportioned by Landlord or attributable to the Premises shall be paid as follows:
- 9.1.1 Landlord shall for the duration of the Sublease Term pay property tax levied on or attributable to the Premises but only to the extent that such payment by Landlord in respect of the Premises shall not exceed property tax calculated (i) on the basis of an annual value equivalent to the annual Rent payable under this Agreement ("Base Annual Value") and (ii) at the property tax rate applicable on first assessment of property tax. In the event that any additional property tax levied by the relevant authority on or apportioned by Landlord as attributable to the Premises is payable on account of (aa) the annual value assessed by the relevant government authority or apportioned by Landlord as attributable to the Premises (whether on first assessment by the relevant government authority or as increased from time to time whether retrospective or otherwise) which is in excess of the Base Annual Value and/or

(bb) an increase in the property tax rate above the rate applicable on first assessment, such additional property tax shall be borne and paid by Tenant to Landlord on demand.

- 9.1.2 In the event that the Premises are not separately assessed for property tax but the Project is assessed as a whole or in parts, then for the purpose of Clause 9.1.1 above, Landlord shall determine the apportionment of the annual value (as assessed by the relevant authority) and the property tax which would be attributable to the Premises. Such apportionment shall be based on the proportion which (i) the floor area of the Premises bears to (ii) the net lettable area of the whole or the relevant part of the Project. Landlord's determination of the apportionment shall be accepted by Tenant as final and conclusive (save for manifest error) and Tenant's right to audit.
- 9.1.3 Tenant's liability in respect of additional property tax referable to the Sublease Term, pursuant to the provisions of Clause 9.1 shall not be affected by the expiry or earlier determination of this Sublease Agreement.
- 9.1.4 Objection to any assessment of annual value or imposition of additional property tax on the Premises during the Sublease Term may be made by Landlord in its discretion and by Tenant if Tenant deems fit and Landlord shall assist Tenant in making any objection to the relevant government authority as may be required.

SECTION 10 **INSURANCE**

10.1 **Tenant's Insurance.** Tenant shall maintain insurance complying with all of the following:

10.1.1 Tenant shall procure, pay for and keep in full force and effect, the following (or have the following procured, paid for and kept in force and effect by Avago for the benefit of Tenant):

- (a) Broad-form, general commercial liability insurance (or the equivalent insurance as written for coverage in Singapore), including property damage, against liability for personal injury, bodily injury, death and damage to property occurring in or about, or resulting from an occurrence in or about, the Premises with combined single limit coverage of not less than the amount of Tenant's Minimum Liability Insurance Coverage, which insurance shall contain, "fire legal" endorsement coverage and a "contractual liability" endorsement (if available for subleased premises occupied for the Permitted Use in the area in which the Premises is located) insuring Tenant's performance of Tenant's obligation to indemnify Landlord contained in Section 11.4, and with Landlord and such other parties as Landlord shall designate named as an additional insured parties;
- (b) Fire and property damage insurance against loss caused by fire, extended coverage perils including steam boiler insurance, sprinkler leakage, if applicable, vandalism, malicious mischief and such other additional perils as now are or hereafter may be included in a standard extended coverage endorsement from time to time in general use in Singapore; and
- (c) Worker's compensation and Employee liability coverage sufficient to comply with all local Laws;

10.1.2 The broad-form general commercial liability insurance (or the equivalent insurance as written for coverage in Singapore) that Tenant is required to carry under Section 10.1.1(a) shall name Landlord and such other parties in interest as Landlord designates as additional insureds. Additionally, all policies of insurance required to be carried by Tenant pursuant to this Section 10.1 shall (i) be primary insurance without the right of contribution from any other insurance coverage of Landlord, (ii) be in a form reasonably satisfactory to Landlord, (iii) be carried with insurance companies acceptable to Landlord, (iv) provide that such policy shall not be subject to cancellation, reduction of coverage or lapse except after at least thirty (30) days prior written notice to Landlord, (v) where permissible under Singapore law and if available

and customary under Singaporean practice, contain a cross liability endorsement, and (vi) contain a “severability” clause.

- 10.1.3 A certificate of insurance reflecting that the insurance required to be carried by Tenant pursuant to this Section 10.1 is in force, and reflecting the required additional insured provision satisfactory to Landlord in substance and form, shall be delivered to Landlord prior to the time Tenant or any of Tenant’s Agents enters the Premises and upon renewal of such policies, but not less than thirty (30) days prior to the expiration of the term of such coverage.
- 10.2 **Release and Waiver of Subrogation.** The Parties release each other, and their respective Landlord’s Agents and Tenant’s Agents, from any liability for any property loss or damage that is caused by or results from any risk insured or which could be insured against under the types of insurance specified in Section 10.1 above; provided, however, the foregoing provisions shall not apply to the third party liability insurance described in Section 10.1 to the extent prohibited by Law. To the extent permitted under Law, each Party shall secure a written waiver of subrogation from its respective insurers under these respective policies.
- 10.3 **Landlord’s insurance.** Landlord shall maintain such insurance with respect to the Project as shall be deemed customary for the location of the Project for owners and landlords of industrial manufacturing facilities in Singapore. Notwithstanding the foregoing, for so long as Agilent Technologies Singapore Pte Ltd (or its affiliate) is the Landlord hereunder and it maintains the insurance coverage in place as of the Commencement Date, such coverage shall be deemed to satisfy the covenant set forth in the preceding sentence of this Section 10.3.

SECTION 11
ADDITIONAL LANDLORD OBLIGATIONS AND LIMITATION ON
LANDLORD’S LIABILITY AND INDEMNITY

- 11.1 **Landlord Obligations.** In addition to Landlord’s covenants set forth elsewhere throughout this Agreement, Landlord also covenants as follows:
- 11.1.1 Landlord shall timely comply with, at Landlord’s cost and expense, all of the terms of the Head Lease, and shall not intentionally undertake or intentionally fail to undertake any act which gives rise to the termination of the Head Lease or the termination of this Sublease Agreement.
- 11.1.2 Notwithstanding any other provisions in this Sublease Agreement, subletting and administrative fees, if any (including any subletting fees or administrative fees levied or imposed retrospectively) imposed by HDB or other competent authority in respect of the subletting of the Premises by the Landlord to the Tenant for the Sublease Term pursuant to this Sublease Agreement shall be borne by the Landlord.
- 11.1.3 Landlord undertakes to exercise its option to renew the Head Lease in accordance with the provisions of the Head Lease and to comply with all necessary terms and conditions of the Head Lease in connection with the exercise of the option for renewal.
- 11.1.4 Landlord warrants and represents that it has complied with all Law in relation to the Project (including the Premises) and has obtained all necessary waivers, approvals, consents and permissions (collectively the “Consents”) required for the use, operations and processes carried out at the Project (including the Premises) as at the date hereof. The Landlord further undertakes to comply with all Law and to do all things required to obtain, renew or extend the Consents. Subject to Sections 10.2, 11.2 and 11.3 hereof, if the Landlord fails to obtain, renew or extend the Consents and any change to the use of the Project is required as a result so as to comply with any Law regarding land use ratio or quantum, such change shall not be effected on the Premises but on the parts of the Project other than the Premises at the sole cost and expense of the Landlord. Without limitation of the foregoing, Landlord also covenants that, if not already commenced, within thirty (30) days of the Commencement Date, it shall commence, and thereafter shall diligently pursue, the extension of any relevant Consent or the change of the legal designation of the Project, as the case may be, such that the operation of

the Project and Premises as operated as of the Commencement Date shall be in compliance with, and without the need for any further waiver from, the legal requirements imposed by any relevant authority (including the Urban Redevelopment Authority) with respect to the Project.

- 11.2 **Limitation on Landlord's Liability.** Notwithstanding anything to the contrary contained in this Sublease Agreement, Landlord shall not be liable to Tenant or any of Tenant's Agents for any injury to Tenant or any of Tenant's Agents, or damage to Tenant's property, resulting from any cause, including without limitation any (i) any interruption or failure of any HVAC or other utility system or any Landlord Services by reason of necessary repair or maintenance of any installations or apparatus or damage thereto or destruction thereof or by reason of mechanical or other defect or breakdown or by reason of any circumstances beyond Landlord's control; (ii) repairs or improvements to the Premises by Landlord or any services provided by Landlord to Tenant hereunder; (iii) limitation, curtailment, rationing or restriction on the use of water or electricity, gas or any other form of energy or any services or utility serving the Premises or the Project; (iv) any act, omission, default, misconduct or negligence of any contractor appointed by Tenant or any other of Tenant's Agents; (v) any damage, injury or loss arising out of the leakage or defect of the piping, wiring and sprinkler system in the Building and/or the structure of the Building; (vi) any damage, injury or loss caused by other tenants or persons in the Building; (vii) any damage, injury or loss arising from or in connection with the use of the Common Areas or the Building Parking Area; (viii) vandalism or forcible entry by unauthorized persons; (ix) penetration of water into or onto any portion of the Premises through roof leaks or otherwise. This Section 11.2 shall not limit Landlord's obligations under Section 11.5 hereof which obligations however remain subject to Section 11.3 hereof. In addition and notwithstanding any provision of this Agreement, in no event shall (a) Landlord be liable to Tenant or any of Tenant's Agents under this Agreement for any consequential (including without limitation any injury to Tenant's business or loss of income or profit therefrom), punitive or exemplary damages, or (b) Tenant be liable to Landlord or any of Landlord's Agents under this Agreement for any consequential (including without limitation any injury to Landlord's business or loss of income or profit therefrom), punitive or exemplary damages.
- 11.3 **Limitation on Tenant's Recourse.** Notwithstanding any other term or provision of this Sublease Agreement, the liability of Landlord for its obligations under this Sublease Agreement is limited to (a) Landlord's equity interest in the Project up to a maximum in Singapore dollars equivalent to US\$500,000, provided that, until such time as (x) Landlord has obtained the permanent (as such term is described below) extension of any relevant Consent with respect to the Project and the Premises as operated as of the Commencement Date such that the Project and the Premises shall be in compliance with, and without the need for any further waiver (other than as such may be required due to the expiration of any permanent waiver) from, the legal requirements imposed by the Urban Redevelopment Authority with respect to the Project, or (y) the legal zoning of the Project is changed such that the operation of the Project and the Premises as operated as of the Commencement Date shall be in compliance with, and without the need for any further waiver from, the legal requirements imposed by the Urban Redevelopment Authority or any other governmental authority (including, without limitation, the HDB) with respect to the Project, the limitation of Landlord's liability solely with respect to the foregoing shall be limited to a maximum amount in Singapore dollars equivalent to US\$2,000,000, and (b) to no other assets of Landlord for satisfaction of any liability in respect of this Sublease Agreement, and no personal liability shall at any time be asserted or enforceable against any other assets of Landlord or against Landlord's stockholders, directors, principals, representatives, trustees or partners on account of any of Landlord's obligations or actions under this Sublease Agreement. For the purposes of the preceding sentence, the term "permanent" shall be deemed to include any Consent that is extended or granted for a period of no less than five (5) years from the Commencement Date. In addition, in the event of conveyance of Landlord's interest in the Project or the Premises, then, subject to Section 15.2 hereof, from and after the date of such conveyance, Landlord shall be relieved of all liability with respect to Landlord's obligations to be performed under this Sublease Agreement after the date of such conveyance.
- 11.4 **Indemnification of Landlord.** To the fullest extent allowed by Law but subject to Section 10.2 and 11.2 hereof, Tenant shall indemnify, defend, protect and hold harmless Landlord and Landlord's Agents from (i) all claims, demands, writs, summonses, actions, suits, proceedings, judgments, orders, decrees, damages, costs, losses and expenses of any nature whatsoever which Landlord may suffer or incur in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrences in, upon or at the Premises or the use of the Premises or any part thereof by Tenant or

by any of Tenant's Agents (except to the extent caused by the willful misconduct or gross negligence of Landlord or Landlord's Agents); (ii) all loss and damage to the Premises, the Building and to all property therein caused directly or indirectly by Tenant or Tenant's Agents and in particular but without limiting the generality of the foregoing caused directly or indirectly by the use or misuse, waste or abuse of water, gas or electricity or faulty fittings or fixtures; (iii) the gross negligence or willful misconduct of Tenant or Tenant's Agents, wherever the same may occur; or (iv) any breach of this Sublease Agreement by Tenant. The provisions of this Section 11.4 shall survive the expiration or sooner termination of this Sublease Agreement.

11.5 **Indemnification of Tenant.** To the fullest extent allowed by Law but subject to Sections 10.2, 11.2 and 11.3 hereof, Landlord shall indemnify, defend, protect and hold harmless Tenant and Tenant's Agents from all liability, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising by reason of any death, bodily injury, personal injury or property damage resulting from (i) the gross negligence or willful misconduct of Landlord or Landlord's Agents, or (ii) any breach of this Sublease Agreement by Landlord. The provisions of this Section 11.5 shall survive the expiration or sooner termination of this Sublease Agreement.

11.6 **Indemnity of HDB.** Landlord shall indemnify and keep HDB indemnified from and against all liabilities, claims and proceedings, costs and expenses whatsoever and howsoever arising out of or in connection with this Sublease Agreement.

11.7 **Abatement**

11.7.1 Notwithstanding anything to the contrary, including without limitation Sections 3, 8, 11.2 and 11.3 hereof, in the event Landlord fails to deliver any of the Landlord Services or Air-conditioning Services to be provided hereunder, Tenant's Contribution or Air-Conditioning Charges, as applicable, shall abate to the extent of and for the duration of such failure and Tenant shall have the right to take any reasonable action for the purpose of securing such Landlord Services or Air-conditioning services not being delivered and Landlord shall reimburse Tenant for any reasonable costs, expenses and fees incurred by Tenant in procuring such services within fifteen (15) business days of receipt of notice thereof from Tenant absent which Tenant shall have the right to offset such amounts from the next installments of Rent payable by Tenant hereunder until recompensed in full for such reasonable expenditures.

11.7.2 Notwithstanding anything to the contrary, including without limitation Sections 6.2, 7, 11.2 and 11.3 hereof, in the event of an interruption in the provision of utility service to the Premises or the failure of Landlord to perform or cause to be performed its obligations set forth in the first sentence of Section 6.2 hereof, any Rent payable hereunder shall abate to the extent such failure impedes Tenant's ability to use the Premises as it otherwise would be able in the ordinary course of this Sublease Agreement until such interruption or failure of service or performance is cured.

SECTION 12
DAMAGE TO PREMISES

12.1 **Untenantability.** If the Premises or any part thereof shall at any time be damaged or destroyed by fire or any other cause which is beyond the control of Landlord so as to render the Premises unfit for occupation and use (except where such damage or destruction has been caused by, or the policy or policies of insurance in relation to the Premises shall have been vitiated or payment of the policy monies withheld in whole or in part in consequence of, some act or default of Tenant or Tenant's Agents), the Rent reserved by this Sublease Agreement or a fair and just proportion thereof according to the nature and extent of the damage sustained shall be suspended until the Premises shall again be rendered fit for occupation and use, and any dispute concerning this clause shall be determined by a single arbitrator in accordance with the Arbitration Act, Chapter 10 of Singapore. All insurance proceeds available from the fire and property damage insurance carried by Landlord, if any, shall be paid to and become the property of Landlord.

12.2 **Landlord's Right to Terminate.** Landlord shall have the option to terminate this Sublease Agreement in the event any of the following occurs, which option may be exercised only by delivery to Tenant of a

written notice of election to terminate within sixty (60) days after the date of such damage or such later date as is reasonably necessary under the circumstances:

- 12.2.1 Either the Premises or Project is damaged by any peril either (i) not covered by any insurance carried by Landlord and the estimated cost to restore equals or exceeds One Hundred Thousand Dollars (\$100,000.00), or (ii) covered by valid and collectible insurance actually carried by Landlord and in force at the time of such damage or destruction and the estimated cost to restore equals or exceeds Two Hundred Fifty Thousand Dollars (\$250,000.00);
- 12.2.2 Either the Premises or Project is damaged by any peril and (i) the amount of the insurance proceeds that will be received by Landlord for repair or restoration of the Premises will not be sufficient to pay for the cost of such repair or restoration, (ii) the Laws then in effect prevent Landlord from repairing or restoring the Premises to substantially the same condition in which the Premises were immediately prior to such damage, or (iii) the restoration of the Premises cannot be substantially completed within 180 days after the date of such damage; or
- 12.2.3 Either the Premises or Project is damaged by any peril and, because of the Laws then in force, (i) may not be restored at reasonable cost to substantially the same condition in which it was prior to such damage, or (ii) may not be used for the same use being made thereof before such damage whether or not restored as required by this Section.

SECTION 13
GOVERNMENT ACQUISITION

If at least a material portion of the Building or the Premises shall at any time be acquired by any government authorities (including without limitation the Land Transport Authority) pursuant to and in accordance with any prevailing Law (including without limitation the Land Transport Authority of Singapore Act, Cap. 158A, the Rapid Transit System Act, Cap. 263A and the Street Works Act, Cap. 320A), Landlord shall give written notice to Tenant notifying Tenant of the acquisition and terminating this Sublease Agreement without being liable to Tenant for damages, losses and expenses and thereupon this Sublease Agreement shall terminate and Tenant shall (if still in occupation) vacate the Premises, provided always that Tenant shall pay to Landlord all such sums of money which it is obliged to pay under this Sublease Agreement in respect of or which have accrued for the period up to or before the termination date and Landlord shall return the Security Deposit Amount to Tenant (less such amounts as are to be lawfully deducted pursuant to the provisions of this Sublease Agreement) free of interest and thereafter, this Sublease Agreement shall absolutely cease and determine without affecting the rights of the Party against the other Party for any previous default by either Party arising out of or in connection with this Sublease Agreement. For the avoidance of doubt, nothing herein shall restrict the rights of Tenant (if any) to claim against the government or the relevant government authority for any compensation, damages, loss or expense in connection with its rights and interest as a tenant of the Premises. In the event of a partial taking of the Premises and this Sublease remains in effect, the Monthly Base Rent, Tenant's Contribution and Air-conditioning Charges (and any other charges then-payable on a lettable square foot basis) shall be proportionately adjusted to reflect the reduced square footage of floor area of the remaining Premises.

SECTION 14
DEFAULT AND REMEDIES

- 14.1 **Events of Tenant's Default.** Tenant shall be in default of its obligations under this Sublease Agreement if any of the following events occur (each, an "Event of Default"):
 - 14.1.1 Tenant shall have failed to pay any Rent and Air-Conditioning Charges when due and such failure is not cured within five (5) days after delivery of written notice from Landlord specifying such failure to pay;
 - 14.1.2 Tenant shall have failed to perform any term, covenant or condition of this Sublease Agreement except those requiring the payment of Monthly Base Rent or Additional Rent, and Tenant shall not cure such default within fifteen (15) days after delivery of written notice from Landlord specifying such failure to perform, or where such default is not capable of being

cured within such 15-day period, Tenant shall have failed to commence such cure within such 15-day period and thereafter using best efforts, diligently bring such cure to completion;

14.1.3 The appointment of a receiver, receiver and manager, or provisional liquidator in respect of Tenant of any of its property or assets;

14.1.4 Tenant shall have abandoned the Premises or left the Premises substantially; or

14.1.5 The occurrence of the following: (i) inability of Tenant to pay its debts as and when they fall due; (ii) presentation of a winding up petition (except for the purpose of amalgamation or reconstruction when solvent) for the winding up of Tenant; (iii) issuance of a notice of meeting of members or shareholders for the passing of a resolution for winding up (except for the purpose of amalgamation or reconstruction when solvent) of Tenant; (iv) presentation of a petition for the judicial management of Tenant; and (v) making of a proposal by Tenant to its creditors for a composition in satisfaction of its debts or a scheme of arrangement of its affairs.

14.2 **Landlord's Remedies.** In the event of any Event of Default by Tenant, to the extent permitted by applicable Law, Landlord shall have the following remedies, in addition to all other rights and remedies provided by any Law or otherwise provided in this Agreement, to which Landlord may resort cumulatively, or in the alternative:

14.2.1 Landlord may keep this Sublease Agreement in effect and enforce by an action at law or in equity all of its rights and remedies under this Sublease Agreement, including (i) the right to recover the Rent and Air-Conditioning Charges as it becomes due by appropriate legal action, (ii) the right to make payments required of Tenant or perform Tenant's obligations and be reimbursed by Tenant for the cost thereof with interest at the Agreed Interest Rate from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant, and (iii) the remedies of injunctive relief and specific performance to compel Tenant to perform its obligations under this Sublease Agreement. Notwithstanding anything contained in this Sublease Agreement, in the event of a breach of an obligation by Tenant which results in a condition which (i) poses an imminent danger to safety of persons or damage to property, then Landlord may without prior notice to Tenant enter the Premises and take any action that is necessary to cure such breach (but with notice provided as soon as commercially practicable thereafter) and be reimbursed by Tenant for the reasonable cost thereof with interest at the Agreed Interest Rate from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant, or (ii) results in an unsightly condition visible from the exterior of the Premises, or a threat to insurance coverage, then if Tenant does not cure such breach within 10 days after delivery to it of written notice from Landlord identifying the breach, Landlord may cure the breach of Tenant and be reimbursed by Tenant for the cost thereof with interest at the Agreed Interest Rate.

14.2.2 Landlord may enter the Premises for the purposes of reletting the Premises or any part thereof to third parties for Tenant's account for any period, whether shorter or longer than the remaining Sublease Term. Tenant shall be liable immediately to Landlord for all commercially reasonable costs Landlord incurs in reletting the Premises or any part thereof, including without limitation brokers' reasonable commissions and reasonable expenses of altering and preparing the Premises for reletting. Tenant shall pay to Landlord the Rent and Air-Conditioning Charges due under this Sublease Agreement on the date the Rent and Air-Conditioning Charges is due, less the rent and other sums Landlord received from any reletting. No act by Landlord allowed by this subparagraph shall terminate this Sublease Agreement unless Landlord notifies Tenant in writing that Landlord elects to terminate this Sublease Agreement. Notwithstanding any reletting without termination, Landlord may later elect to terminate this Sublease Agreement because of the default by Tenant.

14.2.3 Landlord may terminate this Sublease Agreement by giving Tenant: (a) written notice of termination, in which event this Sublease Agreement shall terminate on the date set forth for termination in such notice or (b) within thirty (30) days after Landlord's notice to rectify such breach it shall be lawful for Landlord at any time thereafter to re-enter upon the Premises (even if Landlord had previously waived such right of re-entry) or any part thereof in the name

of the whole and the tenancy shall hereby be terminated. Any termination under this Section 14.2.3 shall not relieve Tenant from its obligation to pay sums then due Landlord or from any claim against Tenant for damages or rent previously accrued or then accruing. In no event shall any one or more of the following actions by Landlord, in the absence of a written election by Landlord to terminate this Sublease Agreement, constitute a termination of this Sublease Agreement: (i) appointment of a receiver or keeper in order to protect Landlord's interest hereunder; (ii) consent to any subletting of the Premises or assignment of this Sublease Agreement by Tenant, whether pursuant to the provisions hereof or otherwise; or (iii) any other action by Landlord or Landlord's agents or employees intended to mitigate the adverse effects of any breach of this Sublease Agreement by Tenant, including without limitation any action taken to maintain and preserve the Premises or any action taken to relet the Premises or any portions thereof to the extent such actions do not affect a termination of Tenant's right to possession of the Premises.

14.2.4 In the event Tenant breaches this Sublease Agreement and abandons the Premises, this Sublease Agreement shall not terminate unless Landlord gives Tenant written notice of its election to so terminate this Sublease Agreement. No act by or on behalf of Landlord intended to mitigate the adverse effect of such breach, including those described by Section 14.2.3, shall constitute a termination of Tenant's right to possession unless Landlord gives Tenant written notice of termination. Should Landlord not terminate this Sublease Agreement by giving Tenant written notice, Landlord may enforce all its rights and remedies under this Sublease Agreement, including the right to recover the Rent and Air-Conditioning Charges as it becomes due under the Sublease Agreement.

14.2.5 In the event Landlord terminates this Sublease Agreement, to the extent permitted under applicable Law, Landlord shall at its election be entitled, in addition to any other rights and remedies available to Landlord in law or equity, to damages; provided, however, Landlord shall take commercially reasonable measures to mitigate its loss. For purposes of computing damages, an interest rate equal to the Agreed Interest Rate shall be used where permitted. To the extent permitted under applicable Law, such damages shall include:

- (a) The worth at the time of award of the amount by which the unpaid Rent and Air-Conditioning Charges for the balance of the term after the time of award exceeds the prevailing market rate (as such phrase is used in Section 2.2 hereof) of the Premises, computed by discounting such amount at the Agreed Interest Rate; and
- (b) Such other amounts necessary to compensate Landlord for all costs directly incurred by Landlord caused by Tenant's failure to perform Tenant's obligations under this Sublease Agreement, including the following: (i) expenses for cleaning, repairing or restoring the Premises; (ii) broker's fees, advertising costs and other expenses of reletting the Premises; (iii) expenses in retaking possession of the Premises; and (iv) reasonable attorneys' fees and court costs incurred by Landlord in retaking possession of the Premises and in reletting the Premises or otherwise incurred as a result of Tenant's default.
- (c) Nothing in this Section 14.2 shall limit Landlord's right to indemnification from Tenant as provided in Section 11.4. Any notice given by Landlord in order to satisfy the requirements of Section 14.1.1 or Section 14.1.2 above shall also satisfy the notice requirements of any Law regarding eviction or unlawful detainer proceedings, provided that such notice is prepared and served upon Tenant in accordance with all applicable requirements of such Law.

14.3 **Limitation on Exercise of Rights.** At any time that an Event of Default by Tenant has occurred and remains uncured, (i) it shall not be unreasonable for Landlord to deny or withhold any consent or approval requested of it by Tenant which Landlord would otherwise be obligated to give (unless, by means of the act for which consent is being requested, such Event of Default would be cured upon the granting of such consent); and (ii) Tenant may not exercise any right to terminate this Sublease Agreement or other right granted to it by this Sublease Agreement which would otherwise be available to it.

- 14.4 **Waiver.** Knowledge or acquiescence by either Party of any breach by the other Party of any of the covenants, conditions or obligations herein contained shall not operate or be deemed to operate as a waiver of such covenants, conditions or obligations and any consent or waiver of the innocent Party shall only be effective if given in writing. No consent or waiver expressed or implied by either Party to or of any breach of any covenant, condition or obligation of the other Party shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or obligation and shall not prejudice in any way the rights, powers and remedies of the innocent Party herein contained. Any acceptance by Landlord of Rent reserved by this Sublease Agreement or any other sum payable under this Sublease Agreement shall not be deemed to operate as a waiver by Landlord of any right to proceed against Tenant in respect of a breach by Tenant of any of Tenant's obligations hereunder.

SECTION 15
ASSIGNMENT AND SUBLETTING

- 15.1 **By Tenant.** The following provisions shall apply to any direct or indirect assignment, subletting or other transfer by Tenant or any subtenant or assignee or other successor in interest of the original Tenant (collectively referred to in this Section as "**Tenant**"):

15.1.1 Tenant shall not do any of the following (collectively referred to herein as a "**Transfer**"), whether voluntarily, involuntarily, or by operation of laws, without the prior written consent of Landlord, which consent may not be unreasonably withheld or denied: (i) sublet all or any part of the Premises or allow it to be sublet, occupied or used by any person or entity other than Tenant; (ii) assign its interest in this Sublease Agreement; (iii) transfer any right appurtenant to this Sublease Agreement or the Premises; (iv) encumber the Sublease Agreement (or otherwise use the Sublease Agreement as a security device) in any manner; or (v) terminate or materially amend or modify an assignment, sublease or other transfer that has been previously approved by Landlord; provided, however, that Tenant may, without the prior written consent of Landlord but subject to the approval of HDB, assign this Sublease Agreement to one or more direct or indirect subsidiaries of Tenant. Notwithstanding the foregoing, this Sublease Agreement may be assigned by Tenant to any person, entity or organization that acquires all or substantially all of the assets of Tenant, subject to the prior written consent of Landlord, which may not be unreasonably withheld and subject to the approval of HDB. For the avoidance of any doubt, the merger of Tenant with any other entity or the transfer of any controlling or managing ownership or beneficial interest in Tenant (as a consequence of a single transaction or a number of multiple transactions) has, if required, been approved by HDB shall not constitute a Transfer hereunder, provided that written notice of such transaction(s) is provided to Landlord no later than thirty (30) days prior to consummation of such transaction(s). Tenant shall reimburse Landlord for all reasonable costs and attorneys' fees incurred by Landlord in connection with the processing and/or documentation of any requested Transfer whether or not Landlord's consent is granted. Any Transfer so approved by Landlord shall not be effective until Tenant has paid all such costs and attorneys' fees to Landlord and delivered to Landlord an executed counterpart of the document evidencing the Transfer that (a) is in form approved by Landlord, (b) contains the same terms and conditions as stated in Tenant's notice given to Landlord pursuant to Section 15.1.2 below, and (c) contains the agreement of the proposed Transferee to assume all obligations of Tenant related to the Transfer arising after the effective date of such Transfer. Any attempted Transfer without Landlord's consent shall constitute a default by Tenant and shall be voidable at Landlord's option. Landlord's consent to any one Transfer shall not constitute a waiver of the provisions of Section 15.1 as to any subsequent Transfer nor a consent to any subsequent Transfer. No Transfer, even with the consent of Landlord, shall relieve Tenant of its personal and primary obligation to pay the rent and Air-Conditioning Charges and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of rent and Air-Conditioning Charges by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Sublease Agreement nor to be a consent to any Transfer.

15.1.2 Tenant shall give Landlord at least thirty (30) days prior written notice of any desired Transfer and, upon the reasonable request of Landlord, the proposed terms of such Transfer (it being

understood that historical financial information regarding the proposed transferee will be deemed reasonable). Landlord shall respond in writing to Tenant's request for Landlord's consent to a Transfer within the later of (x) thirty (30) days of receipt of such request together with the required accompanying documentation or (y) twenty (20) days after Landlord's receipt of all information which Landlord reasonably requests within ten (10) days after it receives Tenant's first notice regarding the Transfer in question. If Landlord fails to respond in writing within said period, Landlord will be deemed to have consented to such Transfer. Tenant shall immediately notify Landlord of any modification to the proposed terms of such Transfer.

- 15.2 **By Landlord.** Landlord and its successors in interest shall have the right to transfer their interest in the Premises or the Building at any time and to any person or entity, provided (i) such person or entity agrees to assume and perform all obligations of Landlord hereunder, (ii) Landlord obtains all consents required by applicable Law in connection therewith and complies with the terms thereof, and (iii) Landlord transfers the Security Deposit Amount to such transferee. In the event of any such transfer, Landlord originally named herein (and in the case of any subsequent transfer, the transferor) from the date of such transfer, (i) shall be automatically relieved, without any further act by any person or entity, of all liability for the performance of the obligations of Landlord hereunder which may accrue after the date of such transfer, and (ii) shall be relieved of all liability for the performance of the obligations of Landlord hereunder which have accrued before the date of transfer. After the date of any such transfer, the term "Landlord" as used herein shall mean the transferee of such interest in the Premises. Notwithstanding the foregoing, in the event that Landlord desires to assign, sell, encumber or otherwise transfer or alienate any of its right, title and interest in and to the Head Lease, the Project, the Building or any portion thereof, Landlord shall require any such assignee, purchaser or transferee (the "Transferee") of Landlord's interest therein to execute (together with Landlord and the Tenant) a novation deed/agreement in form and substance reasonably acceptable to Tenant pursuant to which (a) the Transferee shall assume Landlord's obligations and rights under this agreement, and (b) Landlord and any such Transferee, at their sole cost and expense, shall obtain any consents and approvals required by applicable Law (including, without limitation, the HDB), and shall comply with any and all conditions of the applicable authorities, as required by applicable Law to any such transfer or conveyance.

SECTION 16 **WASTE DISPOSAL AND HAZARDOUS SUBSTANCES**

The provisions of this Section 16 are in addition to, and in no way limit or restrict, Tenant's obligations and Landlord's rights as set forth elsewhere in this Sublease Agreement.

16.1 **Compliance With Environmental Law; Cooperation; Sharing of Costs.**

16.1.1 Tenant, at its sole cost, shall comply with all Environmental Laws applicable to Tenant's occupancy, use, or activities at the Premises.

16.1.2 Tenant shall use reasonable efforts to cooperate with Landlord in Landlord's efforts to comply with Environmental Laws. Unless otherwise explicitly set forth in this Sublease Agreement, Tenant, at its sole cost, shall be responsible for obtaining and maintaining all permits necessary for Tenant's occupancy, use, or activities on or about the Premises.

- 16.2 **Notifications.** Tenant shall promptly provide Landlord with non-confidential information reasonably requested by Landlord concerning environmental matters at the Premises or the Project and shall give Landlord written notice of: (i) any investigation, inspection, enforcement, remediation, or other regulatory action or order taken, issued or threatened in connection with its occupancy, use or activities on or about the Premises or the Project; (ii) any claims made or threatened by any third Party against either of them, or any report, notice or complaint filed or threatened to be filed with any government agency, in connection with their occupancy, use or activities on or about the Premises or the Project pursuant to any Environmental Law; and (iii) all incidents or matters with respect to the Premises or the Project as to which they are required to give notice to any governmental or quasi governmental entity pursuant to any Environmental Law.

16.3 **Remediation.**

16.3.1 **Environmental Condition.** In the event an Environmental Condition exists or occurs on or about the Premises, Tenant (or Tenant's contractor) shall promptly undertake and diligently complete, at Tenant's sole cost, and in compliance with this Sublease Agreement and Environmental Laws, all investigative, corrective, and remedial measures required under Environmental Laws. Such measures shall include without limitation removal and proper disposal of the Hazardous Substance and restoration of all land, improvements and other affected areas whether on or off the Premises or the Project.

16.3.2 **Preexisting Hazardous Substances.** Notwithstanding anything to the contrary in this Sublease Agreement, Tenant shall not be liable for, and Landlord waives, releases, discharges, indemnifies, protects and holds harmless Tenant from and against: (i) any obligation to clean up, remediate or remove any Preexisting Hazardous Substances; (ii) all third party claims arising out of or related to the Preexisting Hazardous Substances, including any losses, costs, damages, expenses (including attorneys' fees) or other liabilities incurred by Tenant in responding to such third party claims; and (iii) any fines, penalties, sanctions, costs, reasonable attorneys' fees, expenses, damages, or charges imposed for any violations of any Environmental Laws arising out of, or attributable to Preexisting Hazardous Substances, except to the extent that any Preexisting Hazardous Substances are exacerbated by the activities of Tenant or any of Tenant's Agents. Preexisting Hazardous Substances shall not be exacerbated by the activities of Tenant or any of Tenant's Agents solely because Tenant or Tenant's Agents are aware that Preexisting Hazardous Substances exist or are migrating passively in, over, on, under, through, from, or about the Premises or Property.

16.4 **Condition on Expiration or Termination.** Prior to the expiration or termination of the Sublease Agreement in accordance with this subsection, Tenant shall remove and properly dispose of any Hazardous Substances that have come to be located on or about the Premises as a result of Tenant's occupancy, use and activities on or about the Premises or the Project, and Tenant shall restore the Premises and other affected areas to the same or better condition, character and quality as before Tenant's occupancy, ordinary wear and tear excepted. At least one month before expiration of the Sublease Term, Tenant at its sole cost shall retain a duly licensed environmental consultant acceptable to Landlord to perform a Phase I environmental assessment (which shall, at a minimum, comply with ASTM No. E 1527-97 or such other standards and contain such information as Landlord may require) of the Premises. Based on that assessment, Tenant shall formulate a plan for any further testing and for the removal and proper disposal of any Hazardous Substances on or about the Premises that have come to be located on or about the Premises or the Project as a result of Tenant's occupancy, use or activities, and for the restoration of all land, improvements and other affected areas in the same or better condition, character and quality as before Tenant's occupancy, ordinary wear and tear excepted. The plan shall be accompanied by a schedule for completing the activities described in the plan before the end of the Sublease Term. Tenant shall submit the plan to Landlord at least three months before expiration of the Sublease Term and, upon approval by Landlord, Tenant, at its sole cost, shall implement the approved plan. The completion of the plan shall be confirmed in writing by Tenant's environmental consultant. If Tenant fails to do any of the above, Landlord shall have the right (but not the obligation) to do so, in accordance with Section 16.5. Tenant shall take all steps necessary to terminate, close or transfer all environmental Permits held in Tenant's name in accordance with all Environmental Laws, and shall provide Landlord with satisfactory written evidence that each such termination, closure or transfer has been completed.

16.5 **Landlord's Rights.** If Tenant fails to comply with any provision of this Section 16 or elsewhere in this Sublease Agreement, Landlord shall have the right (but not the obligation) to effect such compliance, in its sole discretion and without limiting any other remedy which may be available to Landlord under this Sublease Agreement, at law or in equity. The cost thereof shall be paid by Tenant to Landlord, within thirty (30) days after delivery of Landlord's invoice, for any amount reasonably incurred or expended by Landlord in connection with such performance (including fees and costs incurred for the services of attorneys, consultants, and experts).

16.6 **No Shift of Liability.** Landlord's exercise or failure to exercise the rights granted in this Section 16 shall not in any way shift responsibility for Hazardous Substances or compliance with Environmental Laws from Tenant to Landlord, nor impose any liability on Landlord.

16.7 **Survival.** The obligations of Tenant and Landlord under this Section 16 shall survive expiration or earlier termination of this Sublease Agreement and any conveyance by Landlord of its interest in the Premises, and shall continue in full force and effect.

16.8 **Commingle Waste Stream.** Notwithstanding anything to the contrary in this Section 16 or elsewhere in this Sublease, Landlord hereby agrees that Tenant shall continue to have the right throughout the Sublease Term, as extended, to continue discharging trade effluent through the Building final inspection chamber as being conducted in and from the Premises prior to the Commencement Date.

SECTION 17
GENERAL PROVISIONS

17.1 **Landlord's Right of Inspection and Entry.** Tenant shall permit Landlord and Landlord's Agents at all reasonable times as reasonably agreed to between the Parties to enter into, inspect and view the Premises and examine their condition. If any breach of covenant, defects, disrepair or unauthorized Improvements shall be found upon such inspection for which Tenant is liable then upon notice by Landlord to Tenant, to execute all repairs, works, replacements or removals required within one (1) month (or such other reasonable period as required by Landlord having regard to the extent of repairs, works, replacements or removals that are required) after the receipt of such notice, to the reasonable satisfaction of Landlord or its surveyor. In case of default by Tenant, it shall be lawful for workmen or agents of Landlord to enter into the Premises and execute such repairs, works, replacements or removals. Tenant shall pay to Landlord on demand all reasonable expenses so incurred with interest at the Agreed Interest Rate from the date of expenditure until the date they are paid by Tenant to Landlord (such expenses and Interest to be recoverable as if they were rent in arrears).

17.2 **Landlord's Right of Repair.** Tenant shall permit Landlord and Landlord's Agents at all reasonable times as reasonably agreed to between the Parties during and after normal office hours on weekdays and Saturdays, after giving to Tenant prior written notice (but at anytime in any case which Landlord considers an emergency) to enter upon the Premises (i) to inspect, cleanse, repair, remove, replace, alter or execute any works whatsoever to or in connection with all utility and other building systems serving the Premises; (ii) to effect or carry out any maintenance, repairs, alterations or additions or other works which Landlord may consider necessary or desirable to any part of the Building or the water, electrical, air-conditioning, mechanical, ventilation and other facilities and services of the Building; (iii) for the purpose of exercising any of the powers and authorities of Landlord under this Sublease Agreement; (iv) to comply with an obligation of repair, maintenance or renewal affecting the Premises or the Building; (v) to construct, alter, maintain, repair or fix anything or additional thing serving the Building or the adjoining premises or property of Landlord, and running through or on Premises; or (vi) in connection with the development of the remainder of the Building or any adjoining or neighbouring land or premises, including the right to build on or onto or in prolongation of any boundary wall of the Premises, in each case without payment of compensation for any nuisance, annoyance, inconvenience or damage caused to Tenant subject to Landlord (or other person so entering) exercising such right in a reasonable manner.

17.3 **HDB's Right of Inspection.** HDB, its employees and agents shall have the right at all reasonable times to enter the Premises with or without workmen, tools and appliances to examine the state and condition thereof and any breaches of covenants.

17.4 **Payments by Tenant.** Without prejudice to any other provision of this Sublease Agreement, Tenant covenants to pay to Landlord promptly as and when due without demand, deduction, set-off, or counterclaim whatsoever all sums due and payable by Tenant to Landlord pursuant to the provisions of this Sublease Agreement, and covenants not to exercise or seek to exercise any right or claim to withhold rent or any right or claim to legal or equitable set-off.

17.5 **Surrender of the Premises.** Upon the expiration or sooner termination of this Sublease Agreement, Tenant shall vacate and surrender the Premises to Landlord in the same condition, ordinary wear and tear and damage from casualty or compulsory acquisition or by Landlord and its agents excepted, as existed at the Commencement Date, except Tenant shall remove any or all of (i) its personal property, (ii) Trade Fixtures, and (iii) Improvements (only if such removal was required in writing by Landlord

at the time Landlord gave its consent to such installation), and repair all damage to the Premises caused by such removal. If such removal and other surrender obligations are not completed before the expiration or termination of the Sublease Term, Landlord shall have the right (but no obligation) to perform such obligations, and Tenant shall pay Landlord on demand for all costs (including removal and storage) incurred by Landlord in connection therewith, plus interest on all such costs incurred at the Agreed Interest Rate. Landlord shall also have the right to retain or dispose of all or any portion of Tenant's personal property or Trade Fixtures if Tenant does not pay all such costs and retrieve the property within fifteen (15) days after notice from Landlord (in which event title to all such property described in Landlord's notice shall be transferred to and vest in Landlord). Tenant waives all claims, demands and causes of action against Landlord for any damage or loss to Tenant resulting from Landlord's removal, storage, retention, or disposition of any such property. Upon expiration or termination of this Sublease Agreement or of Tenant's possession, whichever is earliest, Tenant shall surrender all keys to the Premises or any other part of the Premises and shall deliver to Landlord all keys for or make known to Landlord the combination of locks on all safes, cabinets and vaults that may be located in the Premises. Tenant's obligations under this Section shall survive the expiration or termination of this Sublease Agreement.

- 17.6 **Holding Over.** If Tenant holds over the Premises or any part thereof after expiration of the Sublease Term, such holding over shall be considered to be at sufferance only, at a Monthly Base Rent and Tenant's Contribution equal to one hundred fifty percent (150%) of the Monthly Base Rent and Tenant's Contribution in effect immediately prior to such holding over and shall otherwise be on all the other terms and conditions of this Sublease Agreement. This paragraph shall not be construed as Landlord's permission for Tenant to hold over. Acceptance of rent by Landlord following expiration or termination shall not constitute a renewal of this Sublease Agreement or extension of the Sublease Term except as specifically set forth above.
- 17.7 **Notices to Let.** Within six (6) months next before the expiration or earlier determination of the Sublease Term, Tenant shall permit Landlord or its agents to fix upon the Premises notices for reletting the Premises, and permit all persons authorized by Landlord or its agents to view without interruption the Premises at reasonable hours in connection with any such reletting.
- 17.8 **Force Majeure.** Any prevention, delay, or stoppage due to strikes, lockouts, inclement weather, labor disputes, inability to obtain labor, materials, fuels or reasonable substitutes therefor, governmental restrictions, regulations, controls, action or inaction, civil commotion, fire or other acts of God, and other causes beyond the reasonable control of either Party to perform shall excuse the performance by such Party, for a period equal to the period of any said prevention, delay, or stoppage, of any obligation hereunder.
- 17.9 **Notices.** Any notice required or desired to be given regarding this Sublease Agreement shall be in writing and shall be personally served, or in lieu of personal services may be given by registered post or by nationally recognized overnight courier at the addresses for the Parties set forth in the "Sublease Summary" to this Sublease Agreement (or such other addresses as may be specified by a Party hereto giving notice of same to the other Party in accordance with this Section). Personally served notices shall be deemed to have been given when received by the Party, if served by prepaid registered post, such notice shall be deemed to have been given (i) on the seventh business day after such post, certified and postage prepaid, addressed to the Party to be served at the address set forth in the preceding sentence was posted, and (ii) in all other cases when actually received.
- 17.10 **Miscellaneous.** Time is of the essence with respect to the performance of every provision of this Sublease Agreement in which time of performance is a factor. This Sublease Agreement shall, subject to Section 15 hereof, apply to and bind the respective heirs, successors, executors, administrators and assigns of Landlord and Tenant. Nothing in this Sublease Agreement is intended to confer personal liability upon the officers or shareholders of Tenant or Landlord. When a Party is required to do something by this Sublease Agreement, it shall do so at its sole cost and expense without right of reimbursement from the other Party unless specific provision is made therefor. All measurements of net lettable area shall be made from the outside faces of exterior walls and the centerline of joint partitions. Landlord makes no covenant or warranty as to the exact square footage of any area. Where a Party is obligated not to perform any act, such Party is also obligated to restrain any others within its control from performing said act, including agents, invitees, contractors, subcontractors and employees. Neither Party shall not become or be deemed a partner nor a joint venturer with the other Party by

reason of the provisions of this Sublease Agreement. Any and all registration fees and out-of-pocket expenses in relation to this Sublease Agreement shall be borne equally by Tenant and Landlord.

- 17.11 **Legal Fees and Stamp Fees.** Landlord and Tenant shall each bear their respective legal costs and expenses incurred in connection with the preparation and execution of this Sublease Agreement. All stamp duties on this Agreement shall be borne by both the Landlord and the Tenant on an equal sharing basis.
- 17.12 **Consents and Approvals.** Wherever the consent or approval of HDB (or any relevant authority) is required for any matter, under this Sublease Agreement, and it is not specifically provided in this Agreement or the Head Lease that Tenant shall seek the prior consent or approval of HDB (or such relevant authority), Landlord shall obtain the necessary consent or approval of HDB (or such relevant authority) at its own cost and expense and shall keep Tenant promptly informed of its application for consent or approval of HDB and the outcome of such application.
- 17.13 **Termination by Exercise of Right.** If this Sublease Agreement is terminated pursuant to its terms by the proper exercise of a right to terminate specifically granted to Landlord or Tenant by this Sublease Agreement, then this Sublease Agreement shall terminate thirty (30) days after the date the right to terminate is properly exercised (unless another date is specified in that part of the Sublease Agreement creating the right, in which event the date so specified for termination shall prevail), the rent and all other charges due hereunder shall be prorated as of the date of termination, and neither Landlord nor Tenant shall have any further rights or obligations under this Sublease Agreement except for those that have accrued prior to the date of termination or those obligations which this Sublease Agreement specifically provides are to survive termination. This Section 17.13 does not apply to a termination of this Sublease Agreement by Landlord as a result of a default by Tenant.
- 17.14 **Governing Law.** This Sublease Agreement shall be construed and enforced in accordance with the laws of Singapore. In relation to any legal action or proceeding arising out of or in connection with this Sublease Agreement ("Proceedings"), the Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Singapore and waive any objection to Proceedings in any such court on the grounds of venue or on the grounds that the Proceedings have been brought in an inconvenient forum. Such submission shall not affect the right of any Party to take Proceedings in any other jurisdiction nor shall the taking of Proceedings in any jurisdiction preclude any Party from taking Proceedings in any other jurisdiction.
- 17.15 **Contracts (Rights of Third Parties Act (Cap. 53B)).** HDB shall be entitled to enforce its rights under Section 17.3. Save as aforesaid, a person who is not a Party to this Sublease Agreement has no right under the Contracts (Rights of Third Parties) Act (Cap. 53B) to enforce or enjoy the benefit of any term of this Sublease Agreement.
- 17.16 **Entire Agreement.** This Sublease Agreement, together with the Exhibits, constitutes the entire agreement between the Parties with respect to the subject matter hereof Each Party acknowledges that there are no binding agreements or representations between the Parties except as expressed or described herein or therein. No subsequent change or addition to this Sublease Agreement shall be binding unless in writing and signed by the Parties hereto.
- 17.17 **Landlord's Representations and Warranties.**
- 17.17.1 Landlord hereby represents and warrants to Tenant as follows: (i) Landlord is a corporation duly organized and validly existing under the laws of Singapore and has full power and authority to own and let the Premises; (ii) Landlord has full corporate power and authority to execute and deliver this Sublease Agreement; (iii) the execution, delivery and performance by Landlord of this Sublease Agreement have been duly authorized by all corporate actions on the part of Landlord that are necessary to authorize the execution, delivery and performance by Landlord of this Sublease Agreement; and (iv) this Sublease Agreement has been duly executed and delivered by Landlord and, assuming due and valid authorization, execution and delivery hereof by Tenant, is a valid and binding obligation of Landlord, enforceable against Landlord in accordance with its terms except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws of general application affecting enforcement of creditors' rights generally.

17.17.2 EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS SUBLEASE AGREEMENT, NEITHER LANDLORD NOR ANY OTHER PERSON OR ENTITY ACTING ON BEHALF OF LANDLORD, MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED.

17.18 **Tenant's Representations and Warranties.**

17.18.1 Tenant hereby represents and warrants to Landlord as follows: (i) Tenant is a corporation duly organized and validly existing under the laws of Singapore and has full power and authority to carry on its business as heretofore conducted; (ii) Tenant has full corporate power and authority to execute and deliver this Sublease Agreement; (iii) the execution, delivery and performance by Tenant of this Sublease Agreement have been duly authorized by all corporate actions on the part of Tenant that are necessary to authorize the execution, delivery and performance by Tenant of this Sublease Agreement; and (iv) this Sublease Agreement has been duly executed and delivered by Tenant and, assuming due and valid authorization, execution and delivery hereof by Landlord, is a valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws a general application affecting enforcement of creditors' rights generally.

17.18.2 EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS SUBLEASE AGREEMENT, NEITHER TENANT NOR ANY OTHER PERSON OR ENTITY ACTING ON BEHALF OF TENANT, MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED.

17.19 **Goods and Services Tax.** The Monthly Base Rent, Tenant's Contribution and other sums payable by Tenant to Landlord under this Sublease shall as between Landlord and Tenant, be exclusive of any applicable goods and services tax, imposition, duty and levy, whatsoever (collectively, the "Taxes") which may be imposed or charged by any government, quasi-government, statutory or tax authority (the "Authorities"). Tenant shall pay all such Taxes.

17.20 **Rules of Interpretation.**

17.20.1 Whenever the words "include", "includes" or "including" are used in this Sublease Agreement they shall be deemed to be followed by the words "without limitation."

17.20.2 The words "hereof", "hereto", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Sublease Agreement as a whole and not to any particular provision of this Sublease Agreement, and article, section, paragraph and exhibit references are to the articles, sections, paragraphs and exhibits of this Sublease Agreement unless otherwise specified.

17.20.3 The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

17.20.4 A reference to any Party to this Sublease Agreement or any other agreement or document shall include such Party's successors and permitted assigns.

17.20.5 A reference to any legislation or to any provision of any legislation shall include any amendment to, and any modification or re-enactment thereof, any legislative provision substituted therefore and all regulations and statutory instruments issued there under or pursuant thereto.

17.20.6 The Parties have participated jointly in the negotiation and drafting of this Sublease Agreement. In the event an ambiguity or question of intent or interpretation arises, this Sublease Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Sublease Agreement.

- 17.20.7 Headings are for convenience only and do not affect the interpretation of the provisions of this Sublease Agreement.
- 17.20.8 Any Exhibits attached hereto are incorporated herein by reference and shall be considered as part of this Sublease Agreement.
- 17.20.9 The language in all parts of this Sublease Agreement shall in all cases be construed as a whole according to its fair meaning, and not strictly for or against either Landlord or Tenant.
- 17.20.10 If any term, condition, stipulation, provision, covenant or undertaking of this Sublease Agreement is or may become under any written Law, or is found by any court or administrative body of competent jurisdiction to be, illegal, void, invalid, prohibited or unenforceable then: (i) such term, condition, stipulation, provision, covenant or undertaking shall be ineffective to the extent of such illegality, voidness, invalidity, prohibition or unenforceability; (ii) the remaining terms, conditions, stipulations, provisions, covenants or undertakings of this Sublease Agreement shall remain in full force and effect; and (iii) the Parties shall use their respective best endeavors to negotiate and agree a substitute term, condition, stipulation, provision, covenant or undertaking which is valid and enforceable and achieves to the greatest extent possible the economic, legal and commercial objectives of such illegal, void, invalid, prohibited or unenforceable term, condition, stipulation, provision, covenant or undertaking.
- 17.21 **Quiet Enjoyment.** Landlord shall ensure that Tenant has the right to quietly enjoy the Premises and the rights granted under this Agreement, without hindrance, molestation or interruption during the Sublease Term, subject to the terms and conditions of this Sublease Agreement.
- 17.22 **Landlord Insolvency.** In the event that Landlord becomes insolvent or is being wound-up or under receivership, it is the intention of the Parties that the receiver or the liquidator shall manage Landlord's property subject to this Agreement.
- 17.23 **Counterparts.** The parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the party that signed it, and all of which together constitute one agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other party. The signatures of all parties need not appear on the same counterpart. The delivery of signed counterparts by facsimile or email transmission which includes a copy of the sending party's signature(s) is as effective as signing and delivering the counterpart in person.

[Signature page follows]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Sublease Agreement with the intent to be legally bound thereby, to be effective as of the Effective Date.

“Landlord”

AGILENT TECHNOLOGIES SINGAPORE PTE
LTD, a Singapore company

By: /s/ Rob Young
Name: Rob Young
Title: General Manager



“Tenant”

AVAGO TECHNOLOGIES MANUFACTURING (SINGAPORE) PTE LTD, a
company organized under the laws of Singapore

By: /s/ Desmond Lim
Name: Desmond Lim
Title: VP & Global Treasurer



SPECIAL CONDITIONS

(which is to be taken read and construed as an essential part of this Sublease Agreement)

1) CONTRACTION RIGHT

The Tenant shall, without having to pay any compensation to the Landlord, have **rights** to surrender certain parts of the Premises not exceeding 20,000 square feet in area in total (hereinafter referred to as "the Vacated Area") prior to the termination or expiry of the term granted under the Sub-Lease Agreement PROVIDED ALWAYS:

- 1) Except as provided below, such rights can only be exercised **twice** upon full completion of a minimum of **two (2) years** from the commencement date of the Sublease Agreement;
 - 2) Tenant shall serve a written notice of its intention to surrender the specific area to the Landlord, of not less than **nine (9) months** prior to the Surrender Date (for avoidance of doubt, the earliest Surrender Date shall be 1 December 2012 and this shall be effective till the Expiry Date);
 - 3) In addition, Tenant may exercise such rights no more than two (2) times in the first two (2) years. In the event the Tenant surrenders the Vacated Area within the first two (2) years of the lease, the Tenant shall:
 - (i) Seek a replacement subtenant for the Vacated Area to take up the lease for the remaining term or longer period. Such replacement subtenant shall be subject to the Landlord's final approval, which shall not be unreasonably withheld or delayed, and the relevant authorities' approvals;
 - (ii) Continue to pay Landlord Rent and Air-Conditioning Charges for the area surrendered until one (1) day before the rent commencement date of the replacement subtenant;
 - (iii) Compensate the Landlord for the difference in Rent, for the area(s) surrendered, if the Rent payable by the replacement subtenant(s) is lower than the Rent paid by the Tenant here. This compensation shall be calculated until 1 December 2012 and shall be paid to the Landlord on or before the surrender date;
 - (iv) All fees, costs and expenses (including but not limited to agent's fees) incurred in seeking a replacement subtenant shall be borne fully by the Tenant; and
 - (v) Yield up and surrender the Vacated Area in full compliance with Clause 17.5 and all other relevant clauses (which shall be read and construed with the necessary modifications in respect of the surrender of the Vacated Area only) under this Agreement;
 - 4) For the avoidance of doubt, total area that may be surrendered for the entire duration of the term of this Sublease shall **not exceed 20,000 square feet**. Once the Tenant has exercised their rights to surrender, notwithstanding the area is less than the maximum square feet allowed, the Tenant shall forfeit its rights to surrender the balance area allowed;
 - 5) On the Surrender Date, Tenant shall yield up and surrender the Vacated Area in full compliance with Clause 17.5 and all other relevant clauses (which shall be read and construed with the necessary modifications in respect of the surrender of the Vacated Area only) under this Agreement;
 - 6) The Tenant shall pay or reimburse the Landlord for all disbursements, stamp duties, and reasonable out-of-pocket costs incurred in connection with the preparation and completion of legal documentation for the surrender; and
 - 7) The Tenant shall not be entitled to any refund or adjustment of its apportionment of property tax or other value added taxes in respect of the Premises.
-

2) SALE OF BUILDING

In the event of a sale by the Landlord during the Sublease Term, the premises shall be sold by the Landlord subject to the Sub-Lease created under this Agreement. The Tenant shall ensure that the Banker's Guarantee furnished in lieu of the cash security deposit shall be assignable by the Landlord to a purchaser of the building.

3) CONFIDENTIALITY

Landlord requires the Tenant to keep the terms and conditions in this Sublease Agreement in the strictest confidence and not share the contents with other tenants within the development.

4) CARPARK LOTS

Tenant will be allocated 99 car parking lots in the Building based on a ratio of 1 lot per 110 square meters leased.

Tenant shall be entitled to secure and use additional car parking lots, currently chargeable at \$70 per lot per month, by notifying the Landlord in writing. Subject to availability, such car parking lots shall be allocated on a half-yearly basis.

Landlord reserves the right to implement and/or revise the carparking charges at such time as required.

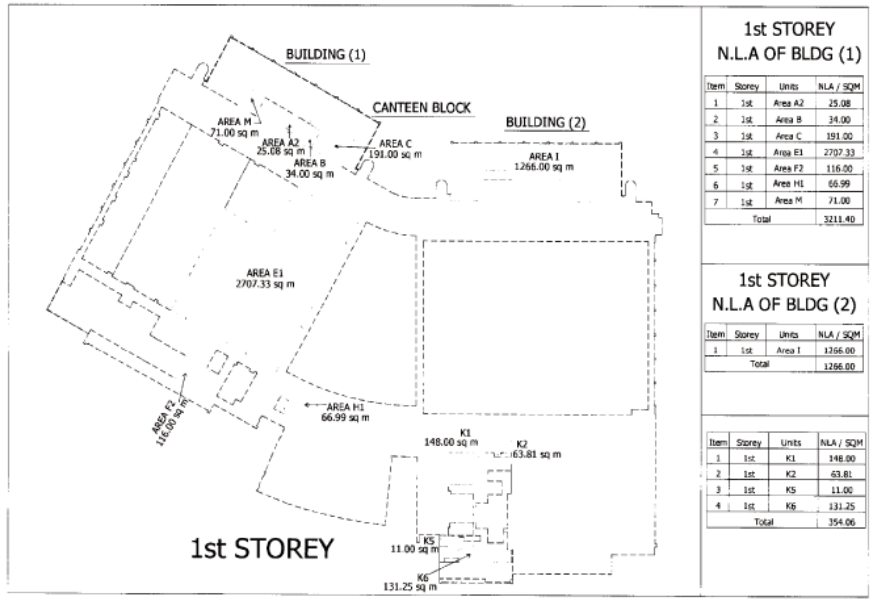
EXHIBIT A-1

SITE-MAP

Site Map — Demised Premises for AVAGO Technologies

Building	Storey	Units	Area (sm)	Area (sf)	Sub-total (sf)
2	Basement	Area A	97.00	1,044.11	1,044.11
1	1st storey	Area A2	25.08	269.96	
1	1st storey	Area B	34.00	365.98	
1	1st storey	Area C	191.00	2,055.92	
1	1st storey	Area M	71.00	764.24	
1	1st storey	Area E1	2,707.33	29,141.75	
1	1st storey	Area F2	116.00	1,248.62	
1	1st storey	Area H1	66.99	721.08	
2	1st storey	Area I	1,266.00	13,627.22	
2	1st storey	Area K1	148.00	1,593.07	
2	1st storey	Area K2	63.81	686.81	
2	1st storey	Area K5	11.00	118.40	
2	1st storey	Area K6	131.25	1,412.76	52,005.83
1	2nd storey	Area A	1,384.00	14,897.38	
1	2nd storey	Area B	34.00	365.98	
1	2nd storey	Area C	71.00	764.24	
2	2nd storey	Area D	75.00	807.30	
2	2nd storey	Area H	1,363.00	14,671.33	31,506.23
1	3rd storey	Area A	1,471.00	15,833.84	
1	3rd storey	Area B	49.00	527.44	
2	3rd storey	Area C	1,273.00	13,702.57	
2	3rd storey	Area D	248.00	2,669.47	32,733.32
Total			10,896.46	117,289.49	117,289.49

1 sm = 10.764



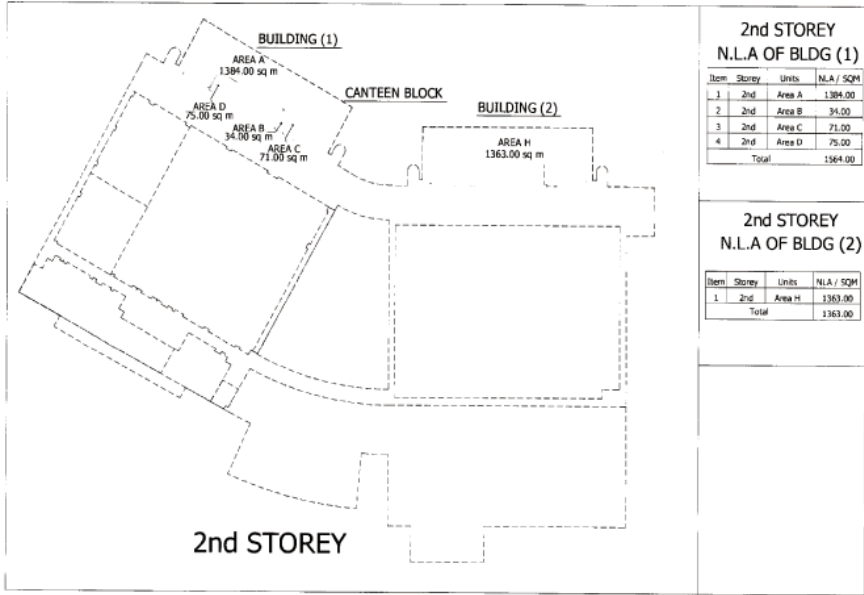
**1st STOREY
N.L.A OF BLDG (1)**

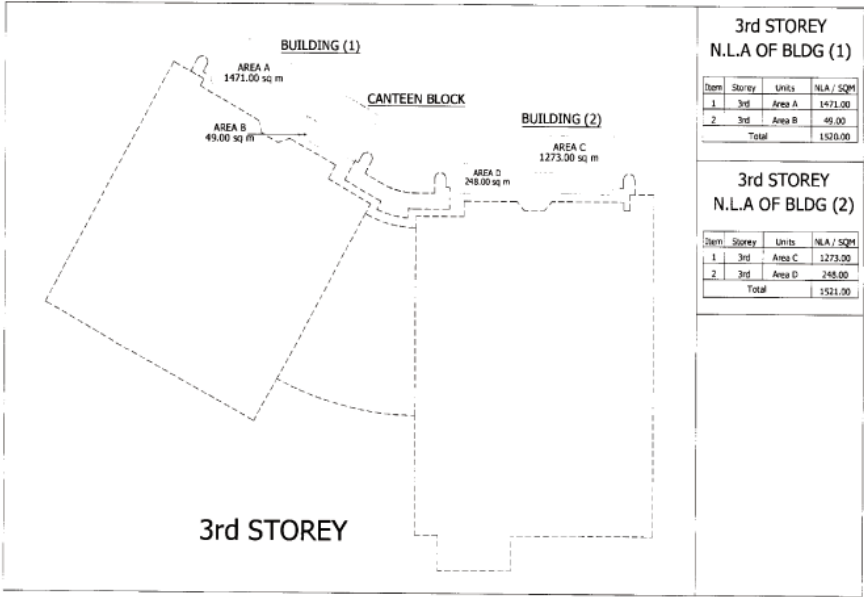
Item	Storey	Units	NLA / SQM
1	1st	Area A2	25.08
2	1st	Area B	34.00
3	1st	Area C	191.00
4	1st	Area E1	2707.33
5	1st	Area F2	116.00
6	1st	Area H1	66.99
7	1st	Area M	71.00
Total			3211.40

**1st STOREY
N.L.A OF BLDG (2)**

Item	Storey	Units	NLA / SQM
1	1st	Area I	1266.00
Total			1266.00

Item	Storey	Units	NLA / SQM
1	1st	K1	148.00
2	1st	K2	63.81
3	1st	K5	11.00
4	1st	K6	131.25
Total			354.06





**3rd STOREY
N.L.A. OF BLDG (1)**

Item	Storey	Units	NLA / SQM
1	3rd	Area A	1471.00
2	3rd	Area B	43.00
Total			1520.00

**3rd STOREY
N.L.A. OF BLDG (2)**

Item	Storey	Units	NLA / SQM
1	3rd	Area C	1273.00
2	3rd	Area D	248.00
Total			1521.00

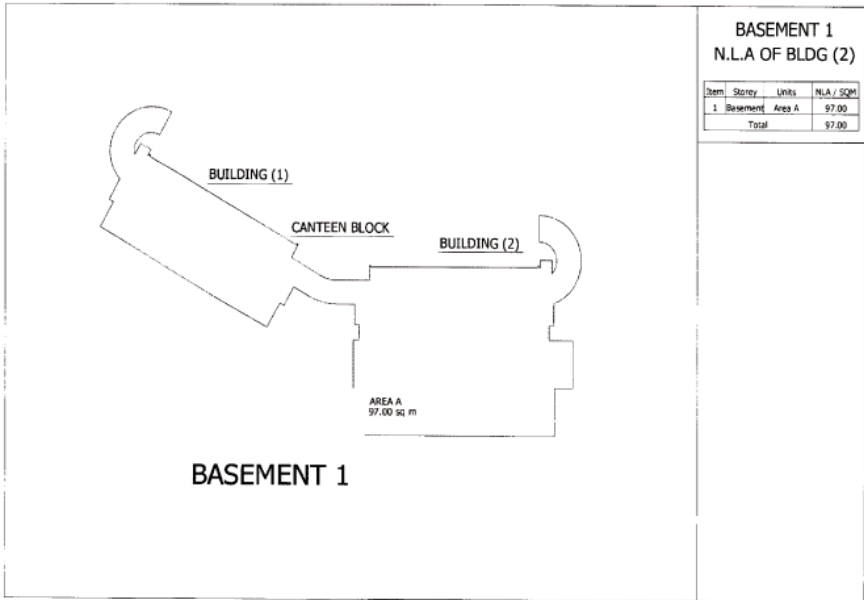


EXHIBIT B
RULES AND REGULATIONS

The following rules and regulations shall apply, where applicable, to the Premises, the Common Area and the Project. Capitalized terms have the same meaning as defined in the Sublease Agreement.

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas shall not be obstructed by Tenant or used by Tenant for any purpose other than ingress and egress to and from the Premises. No rubbish, litter, trash, or material shall be placed, emptied, or thrown in those areas.
 2. Plumbing fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed in the fixtures or appliances. Damage resulting to fixtures or appliances by Tenant, its agents, employees or invitees, shall be paid for by Tenant, and Landlord shall not be responsible for the damage.
 3. No signs, advertisements or notices shall be painted or affixed to windows, doors or other parts of the Premises or Project, except those of such color, size, style and in such places as are first approved in writing by Landlord. Except in connection with the hanging of lightweight pictures and wall decorations, no nails, hooks or screws shall be inserted into any part of the Premises or Project except by Landlord's maintenance personnel.
 4. No directory listing tenants or employees shall be permitted unless previously consented to by Landlord in writing.
 5. Tenant shall not place any lock(s) on any door in the Premises or Project without Landlord's prior written consent and Landlord shall have the right to retain at all times and to use keys to all locks within and into the Premises. A reasonable number of keys to the locks on the entry doors in the Premises shall be furnished by Landlord to Tenant at Tenant's cost, and Tenant shall not make any duplicate keys. All keys shall be returned to Landlord at the expiration or early termination of the Sublease Agreement.
 6. Movement in or out of the Premises or the Project of furniture or office equipment, or dispatch or receipt by Tenant of merchandise or materials requiring the use of elevators, stairways, lobby areas or loading dock areas, shall be restricted to hours designated by Landlord. Tenant shall obtain Landlord's prior approval (which approval shall not be unreasonably withheld or delayed) by providing a detailed listing of the activity. If approved by Landlord, the activity shall be performed under the supervision of Landlord or its agents and performed in the manner required by Landlord. Tenant shall assume all risk for damage to articles moved and injury to any persons resulting from the activity. If equipment, property, or personnel of Landlord or of any other Party is damaged or injured as a result of or in connection with the activity, Tenant shall be solely liable for any resulting damage or loss.
 7. Landlord shall have the right to approve the weight, size, or location of heavy equipment or articles in and about the Premises.
 8. Corridor doors, when not in use, shall be kept closed.
 9. Tenant shall not : (1) make or permit any improper, objectionable or unpleasant noises or odors in the Premises or Project, or otherwise interfere in any way with other tenants or persons having business with them; (2) solicit business or distribute, or cause to be distributed, in any portion of the Premises or Project, handbills, promotional materials or other advertising; or (3) conduct or permit other activities in the Premises or Project that might, in Landlord's sole opinion, constitute a nuisance.
 10. No animals, except those assisting handicapped persons, and no aquariums shall be brought into the Premises or the Project or kept in or about the Premises.
 11. Tenant shall not take any action which would violate Landlord's labor contracts or which would cause a work stoppage, picketing, labor disruption or dispute, or interfere with Landlord's or any other tenant's or occupant's business or with the rights and privileges of any person lawfully in the Premises and/or the Project ("Labor Disruption"). Tenant shall take the actions necessary to resolve the Labor
-

Disruption, and shall have pickets removed and, at the request of Landlord, immediately terminate any work in the Premises that gave rise to the Labor Disruption, until Landlord gives its written consent for the work to resume. Tenant shall have no claim for damages against Landlord or any of Landlord's employees, agents, contractors, successors or assigns, nor shall the Commencement Date of the Term be extended as a result of the above actions.

12. Tenant shall not operate in the Premises or in any other area of the Premises or the Project, electrical equipment that would overload the electrical system beyond its capacity for proper, efficient and safe operation as determined solely by Landlord. Tenant shall not use more than its proportionate share of telephone lines and other telecommunication facilities available to service the Premises and/or the Project.
 13. Bicycles and other vehicles are not permitted inside the Premises or on the walkways outside the Premises (except in areas designated by Landlord).
 14. Landlord shall from time to time adopt systems and procedures for the security and safety of the Premises, the Project, and their occupants, entry, use and contents. Tenant, its agents, employees, contractors, guests and invitees shall comply with Landlord's systems and procedures.
 15. Landlord has designated the Premises and all other buildings located in the Project (including the Premises) as non-smoking areas. Smoking shall only be permitted in areas within the Common Area that are designated as smoking areas by Landlord.
 16. Landlord shall have the right to designate and approve standard window coverings for the Premises and to establish rules to assure that the Premises and Project present a uniform exterior appearance. Tenant shall ensure, to the extent reasonably practicable, that window coverings are closed on windows in the Premises while they are exposed to the direct rays of the sun.
 17. Deliveries to and from the Premises shall be made only at the times, in the areas and through the entrances and exits designated by Landlord. Tenant shall not make deliveries to or from the Premises in a manner that might interfere with the use by Landlord or any other tenant of its premises or of the Common Area, any pedestrian use, or any use which is inconsistent with good business practice.
-

EXHIBIT C

SPECIFIC LANDLORD SERVICES

1. Maintaining, repairing, renewing (and where appropriate) cleansing, repainting and redecorating, to such standard as the Landlord may from time to time consider adequate, of the following: (i) the structure, roof, foundations and walls of the Building; (ii) the pipes in under or upon the Building serving the same; and (iii) the Common Areas.
 2. Management, control and administration of the Building, including employing such staff as the Landlord may in its absolute discretion deem necessary for the performance of the duties and services in and about the Building including engineers, maintenance staff, reception staff and security staff and all other incidental expenditure in relation to such employment (including but without limiting the generality of such provision the payment of any statutory or other insurance, health, pension, welfare and other payments, contributions, taxes and premiums) and the provision of uniforms, working clothes, tools, appliances and other equipment and materials for the proper performance of their duties.
 3. Supplying, operating, periodically inspecting, servicing, repairing, amending or overhauling and maintaining all services provided by the Landlord for the Building including, without limitation, fire fighting, security and alarm systems, lifts, lift shafts, escalators, air-conditioning plant, stand-by generators, boilers, water tanks and plumbing apparatus, lightning conductor equipment, sprinkler system, electrical and mechanical equipment and other apparatus plant and machinery in the Premises and the Building and the maintenance, repair, renovation and amortization of the same and all other plant, machinery and equipment, parts, tools, required in connection with any of such services.
 4. Maintenance and cleaning of the Common Areas including, but without limiting the generality of the term, the exterior of the Building (including the exterior of all windows), the forecourts, entrances, landings, lifts, escalators, water-closets, washrooms and lavatories.
 5. Provision of lighting, power, air-conditioning and ventilation incurred in connection with the Common Areas.
 6. Supplying all toilet requisites in the water-closets, washrooms and lavatories of the Building.
 7. Furnishing (including, but not limited to replacement or renewal of carpets, ceilings, light fittings and furnishings) and improvements and decoration of the Common Areas to such standard as the Landlord may from time to time consider adequate.
 8. All costs and charges as the Landlord shall deem at its absolute discretion to be appropriate for supplying, providing, purchasing, maintaining, renewing, replacing, repairing *and* keeping in good and serviceable order and condition all fixtures and fittings, bins, chutes, containers, receptacles, tools, appliances, materials and other things which the Landlord may deem desirable or necessary for the maintenance, upkeep or cleanliness of the Common Areas.
 9. Supply of water and the collection and removal of all sewerage waste and refuse from the Building.
 10. Responsibility for any expense of repairing, maintaining and cleansing all ways, roads, pavements, pipes, party walls, party structures or other conveniences which may belong to or be used for the Building in common with other buildings near or adjoining thereto.
-

EXHIBIT D
HEAD LEASE AND RELATED DOCUMENTS

AVAGO TECHNOLOGIES LIMITED
2009 EQUITY INCENTIVE AWARD PLAN
RESTRICTED SHARE UNIT AWARD GRANT NOTICE AND
RESTRICTED SHARE UNIT AWARD AGREEMENT

Avago Technologies Limited, a company organized under the laws of Singapore (the "*Company*"), pursuant to its 2009 Equity Incentive Award Plan, as amended from time to time (the "*Plan*"), hereby grants to the individual listed below ("*Participant*"), an award of restricted share units ("*Restricted Share Units*" or "*RSUs*"). Each Restricted Share Unit represents the right to receive one Ordinary Share upon vesting of the Restricted Share Unit. This award of Restricted Share Units is subject to all of the terms and conditions as set forth herein and in the Restricted Share Unit Award Agreement attached hereto as Exhibit A (the "*Agreement*") and the Plan, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant's Name: _____

Participant's Employee Identification Number: _____

Grant Date: _____

Total Number of RSUs: _____

Vesting Commencement Date: _____

Vesting Schedule: The RSUs subject to this Grant Notice and the Agreement shall vest according to the following schedule:

By his or her signature and the Company's signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. Participant has reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understands all provisions of this Grant Notice, the Agreement and the Plan. Additionally, by signing below, Participant agrees that Participant has read, fully understands and agrees to abide by the terms of the Company's Insider Trading Policy and has read and fully understands the Plan Prospectus and Prospectus Supplement, if applicable, each of which is attached to this Grant Notice. In addition, by signing below, Participant also agrees that the Company, in its sole discretion, may satisfy any withholding obligations in accordance with Section 2.6 of the Agreement by (i) withholding Ordinary Shares otherwise issuable to Participant upon vesting of the RSUs, (ii) instructing a broker on Participant's behalf to sell Ordinary Shares otherwise issuable to Participant upon vesting of the RSUs and submit the proceeds of such sale to the Company, or (iii) using any other method permitted by Section 2.6 of the Agreement or the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or relating to the RSUs. To the extent you

provide services to the Company outside of the United States, the RSUs will also be subject to the special provisions set forth in Exhibit B attached hereto, including any sub-plans referenced therein.

AVAGO TECHNOLOGIES LIMITED:

By: _____
Print Name: _____
Title: _____
Address: _____

PARTICIPANT:

By: _____
Print Name: _____
Address: _____

EXHIBIT A
TO RESTRICTED SHARE UNIT AWARD GRANT NOTICE
RESTRICTED SHARE UNIT AWARD AGREEMENT

Pursuant to the Restricted Share Unit Award Grant Notice (the "*Grant Notice*") to which this Restricted Share Unit Award Agreement (the "*Agreement*") is attached, Avago Technologies Limited, a company organized under the laws of Singapore (the "*Company*"), has granted to Participant an award of restricted share units ("*Restricted Share Units*" or "*RSUs*") under the Company's 2009 Equity Incentive Award Plan, as amended from time to time (the "*Plan*").

ARTICLE I

GENERAL

1.1 Defined Terms. Wherever the following terms are used in this Agreement they shall have the meanings specified below, unless the context clearly indicates otherwise. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

(a) "*Termination of Consultancy*" shall mean the time when the engagement of Participant as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, by resignation, discharge, death, disability, or retirement, but excluding: (a) terminations where there is a simultaneous employment or continuing employment of Participant by the Company or any Subsidiary, and (b) terminations where there is a simultaneous re-establishment of a consulting relationship or continuing consulting relationship between Participant and the Company or any Subsidiary. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Consultancy, including, but not by way of limitation, the question of whether a particular leave of absence constitutes a Termination of Consultancy. Notwithstanding any other provision of the Plan, the Company or any Subsidiary has an absolute and unrestricted right to terminate a Consultant's service at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in writing.

(b) "*Termination of Directorship*" shall mean the time when Participant, if he or she is or becomes a Non-Employee Director, ceases to be a Director for any reason, including, but not by way of limitation, a termination by resignation, failure to be elected, death or retirement. The Board, in its sole and absolute discretion, shall determine the effect of all matters and questions relating to Termination of Directorship with respect to Non-Employee Directors.

(c) "*Termination of Employment*" shall mean the time when the employee-employer relationship between Participant and the Company or any Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, disability or retirement; but excluding: (a) terminations where there is a simultaneous reemployment or continuing employment of Participant by the Company or any Subsidiary, and (b) terminations where there is a simultaneous establishment of a consulting relationship or continuing consulting relationship between Participant and the Company or any Subsidiary. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a particular leave of absence constitutes a Termination of Employment.

(d) "**Termination of Services**" shall mean Participant's Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

1.2 **General.** Each Restricted Share Unit shall constitute a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding Ordinary Share (subject to adjustment as provided in Section 14.2 of the Plan) solely for purposes of the Plan and this Agreement. The Restricted Share Units shall be used solely as a device for the determination of the payment to eventually be made to the Participant if such Restricted Share Units vest pursuant to Section 2.3. The Restricted Share Units shall not be treated as property or as a trust fund of any kind.

1.3 **Incorporation of Terms of Plan.** RSUs are subject to the terms and conditions of the Plan which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II

GRANT OF RESTRICTED SHARE UNITS

1.4 **Grant of RSUs.** In consideration of Participant's past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the "**Grant Date**"), the Company grants to Participant an award of RSUs as set forth in the Grant Notice.

2.2 **Company's Obligation to Pay.** Each RSU has a value equal to the Fair Market Value of an Ordinary Share on the date it becomes vested. Unless and until the RSUs will have vested in the manner set forth in Article II hereof, Participant will have no right to payment of any such RSUs. Prior to actual payment of any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

2.3 **Vesting Schedule.** Subject to Section 2.4, the RSUs awarded by the Grant Notice will vest and become nonforfeitable with respect to the applicable portion thereof according to the vesting schedule set forth on such Grant Notice (the "**Vesting Schedule**"), subject to Participant's continued employment or services through such dates, as a condition to the vesting of the applicable installment of the RSU and the rights and benefits under this Agreement. Unless otherwise determined by the Administrator, partial employment or service, even if substantial, during any vesting period will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a Termination of Services as provided in Section 2.4 below or under the Plan.

2.4 **Change in Control Treatment.** In the event the successor corporation in a Change in Control refuses to assume or substitute for the RSUs in accordance with Section 14.2 of the Plan, the RSUs will vest as of immediately prior to such Change in Control.

2.5 **Forfeiture, Termination and Cancellation upon Termination of Services.** Upon Participant's Termination of Services for any or no reason, the then-unvested RSUs subject to this Agreement (after giving effect to any accelerated vesting pursuant to Section 2.4) will thereupon be automatically forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by the Company, and Participant, or Participant's beneficiary or personal representative, as the case may be, shall have no further rights hereunder.

2.6 **Payment after Vesting.**

(a) On the tenth (10th) day following the vesting of any Restricted Share Units pursuant to Section 2.3, 2.4 or 3.2, the Company shall deliver to the Participant a number of Ordinary Shares (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Company in its sole discretion) equal to the number of Restricted Share Units subject to this award that vest on the applicable vesting date, unless such Restricted Share Units terminate prior to the given vesting date pursuant to Section 2.5. Notwithstanding the foregoing, in the event Ordinary Shares cannot be issued because of the failure to meet one or more of the conditions set forth in Section 2.8(a), (b) or (c) hereof, then the Ordinary Shares shall be issued pursuant to the preceding sentence as soon as administratively practicable after the Administrator determines that Ordinary Shares can again be issued in accordance with Sections 2.8(a), (b) and (c) hereof. Notwithstanding any discretion in the Plan, the Grant Notice or this Agreement to the contrary, upon vesting of the RSUs, Ordinary Shares will be issued as set forth in this section. In no event will the RSUs be paid to Participant in the form of cash.

(b) Notwithstanding anything to the contrary in this Agreement, the Company shall be entitled to require payment by Participant of any sums required by applicable law to be withheld with respect to the grant of RSUs or the issuance of Ordinary Shares. Such payment shall be made in such form of consideration as may be acceptable to the Company, in its sole discretion, including:

(1) Cash or check;

(2) With the consent of the Company, surrender of Ordinary Shares otherwise issuable under the RSUs and having an aggregate Fair Market Value on the date of delivery equal to the minimum amount required to be withheld by applicable law;

(3) Other property acceptable to the Company in its sole discretion (including, without limitation, through the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Ordinary Shares then issuable under the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of its withholding obligations; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale); or

(4) By deduction from other compensation payable to Participant.

The Company shall not be obligated to deliver any new certificate representing Ordinary Shares to Participant or Participant's legal representative or enter such Ordinary Share in book entry form unless and until Participant or Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of Participant resulting from the grant of the RSUs or the issuance of Ordinary Shares.

2.7 Rights as Shareholder. The holder of the RSUs shall not be, nor have any of the rights or privileges of, a shareholder of the Company, including, without limitation, any dividend rights and voting rights, in respect of the RSUs and any Ordinary Shares underlying the RSUs and deliverable hereunder unless and until such Ordinary Shares shall have been actually issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the Ordinary Shares are issued, except as provided in Section 14.2 of the Plan.

2.8 Conditions to Delivery of Ordinary Shares. Subject to Section 11.4 of the Plan, the Ordinary Shares deliverable hereunder, or any portion thereof, may be either previously authorized but

unissued Ordinary Shares or issued Ordinary Shares which have then been reacquired by the Company. Such Ordinary Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any Ordinary Shares deliverable hereunder or portion thereof prior to fulfillment of all of the following conditions:

- (a) The admission of such Ordinary Shares to listing on all stock exchanges on which the Ordinary Shares are then listed;
- (b) The completion of any registration or other qualification of such Ordinary Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable;
- (c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;
- (d) The receipt by the Company of full payment for such Ordinary Shares, including payment of any applicable withholding tax, which may be in one or more of the forms of consideration permitted under Section 2.6 hereof; and
- (e) The lapse of such reasonable period of time following the vesting of any Restricted Share Units as the Administrator may from time to time establish for reasons of administrative convenience.

ARTICLE III

OTHER PROVISIONS

3.1 **Administration**. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the RSUs.

3.2 **Adjustments Upon Specified Events**. The Administrator may accelerate payment and vesting of the Restricted Share Units in such circumstances as it, in its sole discretion, may determine. In addition, upon the occurrence of certain events relating to the Ordinary Shares contemplated by Section 14.2 of the Plan (including, without limitation, an extraordinary cash dividend on such Ordinary Shares), the Administrator shall make such adjustments the Administrator deems appropriate in the number of Restricted Share Units then outstanding and the number and kind of securities that may be issued in respect of the Restricted Share Units. The Participant acknowledges that the RSUs are subject to modification and termination in certain events as provided in this Agreement and Article 14 of the Plan.

3.3 **Grant is Not Transferable**. During the lifetime of Participant, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the RSUs, or any right or privilege conferred hereby, or upon any attempted sale under any execution,

attachment or similar process, the RSUs and the rights and privileges conferred hereby immediately will become null and void. Notwithstanding anything herein to the contrary, this Section 3.3 shall not prevent transfers by will or applicable laws of descent and distribution.

3.4 **Binding Agreement.** Subject to the limitation on the transferability of the RSUs contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.5 **Notices.** Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at the Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.5, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.6 **Titles.** Titles provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.7 **Governing Law; Severability.** The laws of the State of California shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.8 **Conformity to Securities Laws.** Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.9 **Amendments, Suspension and Termination.** To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided*, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely effect the RSUs in any material way without the prior written consent of the Participant.

3.10 **Successors and Assigns.** The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.3 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

3.11 **Limitations Applicable to Section 16 Persons.** Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable

law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an employee or other service provider of the Company or any of its Subsidiaries.

3.13 Entire Agreement. The Plan, the Grant Notice and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. In the event Participant is party to a Management Shareholders Agreement with the Company, the Shares subject to the RSUs shall not be subject to such Management Shareholders Agreement and the provisions of this Agreement shall supersede any competing provisions of any such Management Shareholders Agreement.

3.14 Section 409A. The RSUs are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that the RSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, this Agreement or the Grant Notice or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the RSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Ordinary Shares as a general unsecured creditor with respect to RSUs, as and when payable hereunder.

3.16 Additional Terms for Participants Providing Services Outside the United States. To the extent the Participant provides services to the Company in a country other than the United States, the RSUs shall be subject to such additional or substitute terms as shall be set forth for such country in Exhibit B attached hereto. If Participant relocates to one of the countries included in Exhibit B during the life of the RSUs, the special provisions for such country shall apply to Participant, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. In addition, the Company reserves the right to impose other requirements on the RSUs and the Shares issued upon vesting of the RSUs, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

EXHIBIT B
TO AVAGO TECHNOLOGIES LIMITED
2009 EQUITY INCENTIVE AWARD PLAN
RESTRICTED SHARE UNIT AWARD AGREEMENT

This **Exhibit B** to the Avago Technologies Limited 2009 Equity Incentive Award Plan (the “**Plan**”) Restricted Share Unit Award Agreement (the “**Agreement**”) includes special terms and conditions applicable to Participants providing services to the Company in the countries below. These terms and conditions are in addition to those set forth in the Agreement. Any capitalized term used in this **Exhibit B** without definition shall have the meaning ascribed to such term in the Plan or the Agreement, as applicable.

Each Participant is advised to seek appropriate professional advice as to how the relevant exchange control and tax laws in the Participant’s country may apply to the Participant’s individual situation.

FRANCE

Sub-Plan.

The award of RSUs shall be deemed granted under and subject to the terms of the 2009 Equity Incentive Award Plan French Sub-Plan — Restricted Shares/Restricted Share Units.

Data Privacy.

By acceptance of this award of RSUs, the Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below. The Company, its affiliates and the Participant’s employer hold certain personal information, including the Participant’s name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants or Ordinary Shares awarded, cancelled, purchased, vested, unvested or outstanding in the Participant’s favor, for the purpose of managing and administering the Plan (“**Data**”). The Company and its affiliates will transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. Currently, the third parties so assisting the Company are Morgan Stanley Smith Barney LLC, 787 Seventh Avenue, New York, New York 10019, USA, and Exerasme SAS, 3 Rue Taibout, Paris 75009, France, however the Company may retain additional or different third parties for any of the purposes mentioned. The Company may also make the Data available to public authorities where required under locally applicable law. These recipients may be located in the United States, the European Economic Area, or elsewhere, which the Participant separately and expressly consents to, accepting that outside the European Economic Area, data protection laws may not be as protective as within. The Participant hereby authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of the Participant to a third party with whom the Participant may have elected to have payment made pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through its local H.R. Director; however, withdrawing the consent may affect the Participant’s ability to participate in the Plan and receive the benefits intended by this award of RSUs. Data will only be held as long as necessary to implement, administer and manage the Participant’s participation in the Plan and any subsequent claims or rights.

French Language Provision. By accepting this award of RSUs, Participant confirms having read and understood the documents relating to the Plan which were provided to Participant in the English language. Participant accepts the terms of those documents accordingly.

French translation: *En acceptant ce Contrat vous confirmez ainsi avoir lu et compris les documents relatifs au Plan qui vous ont été communiqués en langue anglaise. Vous en acceptez les termes en connaissance de cause.*

JAPAN

By acceptance of this Award, the Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below. The Company, Morgan Stanley Smith Barney LLC, Symphony BPO Japan Limited and the Participant's employer hold personal information for the purpose of managing and administering the Plan ("**Data**"), including the following: the Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, salary, nationality, job title, and any equity compensation grants or Ordinary Shares awarded, cancelled, purchased, vested, unvested or outstanding in the Participant's favor. From time to time, the Company may change the scope of its affiliates that hold, use or process Participant's personal information or the scope of Participant's personal information to be held, used or processed by the Company, its affiliates and the Participant's employer, by providing, or made easily accessible, information about such change to the Participant. The Company and its affiliates will transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the United States, the European Economic Area, or elsewhere. The Participant hereby authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of the Participant to a third party with whom the Participant may have elected to have payment made pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company; however, withdrawing the consent may affect the Participant's ability to participate in the Plan and receive the benefits intended by this award of RSUs.

MALAYSIA

No country-specific award terms apply.

SINGAPORE

No country-specific award terms apply.

THIS COLLECTIVE AGREEMENT is made pursuant to the provisions of the Industrial Relations Act this 28th day of October 2010 between the **AVAGO TECHNOLOGIES MANUFACTURING (SINGAPORE) PTE LTD.** (Company Registration Number 200512010Z) **AND ITS AFFILIATES**, incorporated in the Republic of Singapore and having its place of business at No. 1 Yishun Avenue 7, Singapore 768923 (hereinafter referred to as the "Company") of the one part and the **UNITED WORKERS OF ELECTRONICS & ELECTRICAL INDUSTRIES** of 252 Tembeling Road, #03-07 Tembeling Centre, Singapore 423731, a trade union of employees registered pursuant to the Trade Unions Act (hereinafter referred to as the "Union") of the other part.

NOW IT IS HEREBY AGREED AND DECLARED between the parties hereto as follows:

CLAUSE 1 TITLE

This Agreement shall be known as the "**AVAGO TECHNOLOGIES SINGAPORE EMPLOYEES' AGREEMENT OF 2010**".

CLAUSE 2 SCOPE

This Agreement shall cover all locally engaged, confirmed, full-time employees of the Company in Singapore with the exception of staff holding -

- (a) Managerial, executive, professional (e.g. engineers, accountants), supervisory positions.

CLAUSE 3 DURATION OF AGREEMENT

- (1) This Agreement takes effect on 1st July 2010 and shall remain in force for a period of 3 years until 30th June 2013.

CA NO 315/2010
Avago Technologies Singapore Employees' Agreement of 2010
(ASCA)B(10/12/2010)

- (2) During the currency of this Agreement, neither the Company nor the Union shall seek to vary, modify or annul any of its terms in any way whatsoever, save as is provided herein or by operation of law.
- (3) Negotiations for a new collective agreement may commence three months before the expiry of this Agreement.

CLAUSE 4 RECOGNITION

- (1) The Company recognises the Union as the sole collective negotiating body in respect of all terms and conditions of service of the employees coming within the scope of this Agreement.
- (2) The Union recognises the rights of the Company to control, operate and manage its business in all respects.
- (3) The Union shall use its best endeavours to see that all its members loyally co-operate in working for the advancement of the Company's interest and business.

CLAUSE 5 NON-UNION MEMBERS

Employees belonging to levels within the scope of this Agreement, who are not members of the Union shall not receive benefits more favourable than those conferred on the Union members under this Agreement.

CLAUSE 6 GRIEVANCE PROCEDURE

- (1) Recognising the value and importance of full discussions in clearing up misunderstanding and preserving harmonious relations, every reasonable effort shall be made by both the Union and the Company to quickly dispose of any grievances from employees at the earliest possible stage.
- (2) In line with the approach outlined in sub-clause (1) of this clause, the following procedure shall be adhered to in the handling of grievances:

(a) Step One

An employee having a grievance may, within three working days of its arising, bring it to the attention of the employee's immediate supervisor who shall make a decision within three working days after it has been brought to the supervisor's attention.

(b) Step Two

If the employee concerned is dissatisfied with the decision of the employee's supervisor, or if the grievance is against the supervisor personally, then the employee may within three working days of the supervisor's decision bring the employee's grievance to the attention of the Department Manager who shall make a decision within three working days after it has been brought to the Department Manager's attention.

(c) Step Three

If the employee concerned is dissatisfied with the decision of the Department Manager, the employee may refer the matter to the Union branch committee, which may present the matter within three working days after it has been brought to the Union branch committee's attention to the Human Resources Manager, who shall make a decision within three working days after it has been brought to the Human Resources Manager's attention.

(d) Step Four

If the Union branch committee is dissatisfied with the decision of the Human Resources Manager, then the Union may present the matter to the Division VP within three working days. The decision of the Division VP shall then be given to the Union within three working days after the matter has been brought to his or her attention (or at such

later date as may be mutually agreed) of the grievance being discussed.

- (3) The employee may at the employee's option be accompanied by a representative of the Union branch committee at any stage of the foregoing grievance procedure.
- (4) In the event of there being no settlement at Step Four, the matter shall be referred to the Ministry of Manpower for conciliation. If the matter is still not settled, the provisions of clause 7 of this Agreement shall be invoked.

CLAUSE 7 REFEREE

Any dispute between the parties to this Agreement while it is in force and arising out of its operation shall be referred by either party to the President of the Industrial Arbitration Court who shall have the discretion to select a referee appointed in accordance with section 43 of the Industrial Relations Act to determine the dispute.

CLAUSE 8 PROBATION

- (1) A newly engaged employee shall serve a probationary period of three months subject to, if necessary, a further three months' extension, in which case the employee shall be so informed in writing including the reason therefor, before the expiration of the first three months. Notice of termination shall be in accordance with the terms and conditions of employment.
- (2) On completion of the probationary period, an employee shall be deemed to have been confirmed in the Company's permanent establishment from the date of first employment unless the employee's service is terminated by the Company.

CLAUSE 9 PROMOTION

- (1) An employee is deemed promoted when the employee is moved from the current job to another job with a higher salary mid point.

- (2) In the case of promotion at other than a normal incremental date, the employee's base pay shall be increased to the minimum salary of the new job or by 8% of the mid point of the employee's last job, whichever is greater. The employee's normal incremental date shall not be changed.
- (3) If the promotional date coincides with the normal incremental date, the promotion increases shall be granted plus the normal increment in the new job.

CLAUSE 10 WORKING HOURS

The working hours for factory personnel shall be one of the following:

- (a) 8-Hour Shift / Normal Shift
Monday — Friday
1st Shift : 7.00 am — 3.30 pm
- (b) 12-Hour Shift
Day : 7.00 am — 7.00 pm
Night: 7.00 pm — 7.00 am

CLAUSE 11 WORK ON REST DAY AND PUBLIC HOLIDAY

- (1) Every employee shall have one rest day per week, which shall normally be on Sunday. If this is not on Sunday, the employee shall be notified accordingly.
- (2) If and when an employee is required to work on the employee's rest day or any public holiday, the employee shall be paid in accordance with the Employment Act.

CLAUSE 12 RETIREMENT AND RE-EMPLOYMENT OF OLDER EMPLOYEES

- (1) The retirement age for all employees shall be in accordance with the prevailing Retirement Age Act.
- (2) The Company shall adopt the Tripartite Guidelines on the Re-employment of Older Employees.

CA NO 315/2010
Avago Technologies Singapore Employees' Agreement of 2010
(ASCA)B(10/12/2010)

- (3) In the event a suitable job is not available, company will provide employment assistance to the staff as follows:
 - (a) A one-off Employment Assistance Payment (EAP) equivalent to a minimum sum of \$4,500 or 3 months' salary capped at \$10,000, whichever is greater.
 - (b) Assist staff with employment assistance with a job placement agency.

CLAUSE 13 RETRENCHMENT

- (1) In the event of redundancy arising, the Company shall inform the Union in writing of impending retrenchment at least one month before retrenchment notices are given to the affected employees.
- (2) The notice of termination of service to any employee so affected shall not be less than two months or two months' pay in lieu thereof. The combination of notice and pay in lieu of notice shall be two months.
- (3) The compensation payable to retrenched employees shall be as follows:
 - (a) One month's salary for each completed year of service and pro-ration of each completed month for an incomplete year of service, capped at 25 years of service.
 - (b) Pro-rated unconsumed annual leave.
 - (c) Pro-rated annual wage supplement.
 - (d) Payment in lieu of maternity leave if employee is certified pregnant on date of retrenchment.

CLAUSE 14 SALARY

- (1) Every employee shall be paid salary in accordance with the salary ranges set out in Appendix I to this Agreement.
- (2) The annual incremental date shall be 1st July of each calendar year.

- (3) The Company and the Union shall negotiate annually on the quantum of annual increment payable to employees covered by this Agreement. The quantum of annual increment payable to employees shall depend on the employee's performance rank. Such negotiation shall commence at the beginning of April of each year.

CLAUSE 15 ANNUAL VARIABLE COMPONENT

Annual Variable Component (AVC) consists of the Annual Wage Supplement, the Annual Variable Payment and the Avago Performance Bonus Programme.

- (a) Annual Wage Supplement
- (i) The Company shall pay an annual wage supplement equivalent to one month's base salary to each eligible employee.
 - (ii) New hires who have not completed 12 months' service as at 31st December each year shall be paid an annual wage supplement on a pro-rated basis for the number of completed months of service. Fifteen or more days shall be treated as a completed month of service.
 - (iii) The annual wage supplement shall be based on base salary paid as of 31st December of each year. Employees not on the payroll as of 31st December shall not be eligible to receive the annual wage supplement.
- (b) Annual Variable Payment
- (i) The Company and the Union shall negotiate annually on the percentage of annual variable payment payable to eligible employees covered by this Agreement. Such negotiation shall commence in April of each year.
 - (ii) The annual variable payment quantum shall be paid out in two equal payments in a year, i.e. January and July of each year.

- (iii) The amount that each eligible employee gets shall depend on the employee's performance rank.
 - (iv) Eligible employees are defined as employees hired on or before 30th June of each year who are active and confirmed on the Company's payroll at the time of payment.
 - (v) In the event of unfavourable business and economic conditions, the Company and the Union shall review the annual variable payment payout.
- (c) Avago Performance Bonus Programme

The Avago Performance Bonus Programme is a global variable payment programme. Employees shall be paid the Avago Performance Bonus according to the design of this programme.

CLAUSE 16 SHIFT PREMIUM

- (1) 12-hour day shift premium shall be \$8.00 per shift worked.
- (2) 12-hour night shift premium inclusive of meal allowance shall be \$20.00 per shift worked.

CLAUSE 17 JOB ALLOWANCE

- (1) An employee who spends at least 50% of the employee's actual workdays in a month operating a microscope or molding machine shall be entitled to an allowance of \$30.00 per month.
- (2) An employee who is employed in the Fab Operation shall be entitled to an allowance of \$100.00 per month.

CLAUSE 18 QUALITY WORK LIFE INCENTIVE PROGRAMME

- (1) The Quality Work Life Incentive is to reward employees who have taken extra efforts in maintaining their health as well as in coming to work regularly during the calendar year.
- (2) A monthly incentive of S\$25 shall be paid at the end of each month to employees who have demonstrated full commitment to

the Programme. The maximum reward for the Programme shall be S\$300 per annum.

- (3) When an employee fails to show up for work and has a sick leave certificate from any Government Polyclinics, Company Appointed Clinics, Government or restructured hospital; is absent or on approved unpaid leave, the Company shall deduct \$10 per day from the incentive for each day lost from the Programme during the period of review.
- (4) As this is an annual Programme but paid out on a monthly basis, such days lost from the Programme shall be cumulative for the period of review. However, the following shall not be considered for cumulative deductions for the purposes of this incentive:
 - (a) Contagious and communicable virus/diseases like chicken pox, measles, conjunctivitis, small pox, mumps and HFM disease;
 - (b) Approved unpaid leave for religious pilgrimage and maternity leave;
 - (c) Medical leave as a result of industrial accidents covered under Work Injury Compensation Act and dental surgery.

CLAUSE 19 SICK LEAVE

- (1) Every employee shall be entitled to paid sick leave of 14 days in each year if no hospitalisation is necessary.
- (2) Every employee shall be entitled to hospitalisation leave up to 60 days in each year less the amount of sick leave taken.
- (3) Paid sick leave shall only be granted on the certification of the Company appointed doctors or a Government medical officer.
- (4) The Company may give sympathetic consideration to the granting of sick leave in excess of the 14 days.
- (5) An employee away on certified sick leave shall inform the employee's supervisor, or department manager of the employee's absence within two days. An employee who is

absent from work for a period of more than two days without satisfactory explanation shall be deemed to be absent without permission.

- (6) Employees on paid sick leave and hospitalisation leave shall be entitled to shift allowance.

CLAUSE 20 LONG TERM SICK LEAVE

- (1) In the event of an employee contracting any major illness (e.g. cancer or kidney failure) or tuberculosis which renders him unfit for work, upon management's discretion and discussion with Union, the Company shall grant sick leave as follows:
- (a) First six months — full pay
 - (b) Next six months — half pay
 - (c) A further six months — no pay

The duration of the paid sick leave shall depend on the condition of the illness of the employee.

- (2) An employee shall forfeit the benefits in sub-clause (1) above in the event of the employee's failing or refusing to undergo treatment or carry out any instructions that may be prescribed from time to time by the doctor in charge of the employee's case.

CLAUSE 21 ANNUAL LEAVE

- (1) Every employee on all shifts except 12-hour shift shall be granted paid annual leave as follows:
- (a) For the 1st year of service : 10 working days per year
 - (b) 2nd year of service : 11 working days per year
 - (c) 3rd year of service : 12 working days per year
 - (d) 4th year of service : 13 working days per year
 - (e) 5th to 6th year of service : 14 working days per year
 - (f) 7th year of service : 15 working days per year
 - (g) 8th to 11th year of service : 16 working days per year
 - (h) 12th year of service : 17 working days per year

- (i) 13th year of service : 18 working days per year
 - (j) 14th and 15th year of service : 19 working days per year
 - (k) 16th year of service and above : 20 working days per year
- (2) Every employee on 12-hour shift shall be granted paid annual leave as follows:
- (a) For the first 2 years of service : 8 working days per year
 - (b) 3rd year of service : 9 working days per year
 - (c) 4th year of service : 10 working days per year
 - (d) 5th to 6th year of service : 12 working days per year
 - (e) 7th year of service : 13 working days per year
 - (f) 8th to 11th year of service : 14 working days per year
 - (g) 12th year of service : 15 working days per year
 - (h) 13th year of service : 16 working days per year
 - (i) 14th year of service and above : 17 working days per year
- (3) An employee shall be entitled to proportionate annual leave in respect of an incomplete year of service.
- (4) From the 2nd year of service, eligibility for annual leave shall commence in the calendar year in which the anniversary falls.
- (5) If an employee terminates the employee's service, or has the employee's service terminated before the employee has taken the employee's annual leave, the Company shall pay for leave not taken as on the day of the termination of service.
- (6) Application for annual leave shall be made two working days in advance.

CLAUSE 22 MATERNITY LEAVE

- (1) A female employee who has completed 90 days of service in the company shall be entitled to paid maternity leave of 2 months plus 8 weeks, subject to the conditions stipulated in the Children Development Co-Savings Act.
- (2) A female employee who does not qualify under sub-clause (1) above but who has completed 90 days of service in the company

shall be entitled to 2 months of maternity leave on full pay, if she has fewer than 2 living children, and another 4 weeks of maternity leave without pay, subject to the conditions stipulated in the Employment Act.

- (3) An application for maternity leave shall be supported by a certificate from a registered medical practitioner or a Government medical officer.
- (4) Maternity leave shall, as far as possible, be taken one month each before and after confinement.
- (5) Any absence from work due to miscarriage or for any other illness arising out of and in the course of pregnancy during the first seven months of such pregnancy shall not be considered as maternity leave, but shall be considered as normal sick leave under clause 19 of this Agreement.
- (6) If at the expiry of the maternity leave, the employee is medically certified as unfit for duty her absence shall be treated as normal sick leave in accordance with clause 19 of this Agreement.

CLAUSE 23 PATERNITY LEAVE

A confirmed male employee shall be entitled to two days' paid paternity leave each on the birth of the employee's first four surviving children.

CLAUSE 24 MARRIAGE LEAVE

The Company shall grant five working days' leave with full pay only on the occasion of the first marriage, and a properly authenticated certificate of such marriage shall be provided by the employee.

CLAUSE 25 COMPASSIONATE LEAVE

- (1) An employee shall be granted paid compassionate leave of three working days at any one time in the event of death of the

employee's spouse, parent, child, brother, sister, parent-in-law and grandparent.

- (2) (a) In the event of serious illness of the employee's spouse, parent, child, brother, sister, parent-in-law and grandparent, compassionate leave shall be given sympathetic consideration without restriction.
- (b) Serious illness shall be defined as illness requiring the patient to be on the dangerously ill list of any licensed hospital.
- (3) An employee requesting compassionate leave may be required by the Company to produce evidence that the leave is needed on bona fide grounds. If it is subsequently found that such leave has been obtained by misrepresentation of facts, the employee may render himself liable to disciplinary action by the Company.

CLAUSE 26 MEDICAL AND HOSPITALISATION BENEFITS

(1) Medical Benefits

- (a) Every employee shall enjoy the privilege of free medical attention, treatment and medicine from the Company appointed doctors or a Government medical officer.
- (b) If an employee is not satisfied with the Company appointed doctor's opinion, the employee may see the nearest Government medical officer. If the employee is certified sick by the Government medical officer, the Company shall reimburse the medical expenses and pay for the sick leave.
- (c) If the Government medical officer certifies the employee fit for work, the employee shall not be entitled to pay for time away from work or to reimbursement of expenses.
- (d) If an employee falls sick at home, the employee shall seek treatment from the Company appointed doctors or a Government medical officer. If the illness is an emergency, any registered medical practitioner may be contacted. In

this case, the Company shall reimburse the medical expenses and grant paid sick leave (if applicable) to the employee only if the case has been certified as an emergency by the registered medical practitioner.

(2) Hospitalisation Benefits

Every employee shall be covered by the Company's Group Hospitalisation and Surgical Insurance Plan. Subject to the provisions for room and board benefit under this plan, the normal ward assigned shall be "B1" ward accommodation in the event of the employee being hospitalised. A copy of the Company's Group Hospitalisation and Surgical Insurance Plan shall be extended to all employees in the Company. Appendix II shows the schedule for this plan.

CLAUSE 27 FLEXIBLE BENEFITS

- (1) All active permanent full-time employees shall be eligible for flexible benefits up to a maximum amount of \$420.00 per calendar year with effect from 1st January 2011. Any unutilised amount in a calendar year shall be forfeited.
- (2) The flexible benefit claims may be utilised to cover benefits stipulated under the Flexible Benefits policy.

CLAUSE 28 DENTAL TREATMENT

- (1) A confirmed employee may claim reimbursement from the flexible benefit claim for the cost of dental examination, scaling, x-ray, extraction and amalgam fillings. Such reimbursement shall be made only against a valid receipt from a registered dental practitioner.
- (2) An employee's absence caused through dental illness shall on production of a medical certificate issued by a registered dental practitioner be treated as normal sick leave.

CLAUSE 29 BASIC LIFE INSURANCE

The Company shall insure every employee for an amount equivalent to 18 times of the employee's last drawn monthly base salary. Employees may, if they so request, be allowed to take supplementary life insurance policy for additional sums in accordance with the Company's Supplementary Life Policy. The premium required for such supplementary insurance cover shall be shared equally by the Company and the employee concerned.

CLAUSE 30 WORK INJURY COMPENSATION

- (1) Every employee shall be insured in accordance with the provisions of the Work Injury Compensation Act.
- (2) For injuries covered under the Work Injury Compensation Act, the Company shall keep the employee on full pay up to 14 days outpatient medical leave, and full pay up to 60 days hospitalization. Once this limit is reached, two-thirds of salary is payable up to a maximum period of one year following the date of the accident.

CLAUSE 31 SAVINGS PLAN

- (1) A confirmed employee may authorise the Company to open a Savings Account under the employee's name with any bank in Singapore.
- (2) The entry dates of the Savings Plan are 1st January and 1st July of each year.
- (3) The employee may contribute up to a maximum of 10% of the employee's monthly base salary to the Savings Plan. Upon receipt of the employee's authorisation, the Company shall deduct the authorised amount, starting from entry dates per sub-clause (2).
- (4) For every dollar so deducted, the Company shall make a contribution of 15% of that amount.

- (5) The employee's contributions are to be held in the Company's books for six full months. At the end of each six-month contribution period, the employee's contributions shall be credited to the employee's bank account together with the Company's contribution, and the accrued interest of both contributions.
- (6) In the event an employee withdraws the employee's share of contributions before they have been held for six full months, the employee shall be entitled to receive accrued interest on the employee's contributions but the employee shall not be entitled to receive the Company's share of contribution or accrued interest on the Company's contribution.
- (7) In the event of withdrawal arising from serious need due to an emergency, an employee may apply to the Human Resources Manager for compassionate consideration to be entitled to receive the Company's share of contribution plus accrued interest.

CLAUSE 32 SAFETY COMMITTEE

The Company shall establish a safety committee in accordance with the Workplace Safety & Health Act, and shall invite Union representatives to sit on the committee.

CLAUSE 33 NTUC FAIRPRICE COOPERATIVE SHARES

In the event of an employee purchasing NTUC Fairprice Cooperative shares, the Company shall make an initial payment to NTUC Fairprice of \$10.00 for the accounting of the employee.

CLAUSE 34 EDUCATION ASSISTANCE

The Company's current Education Assistance Plan shall be continued.

CA NO 315/2010
Avago Technologies Singapore Employees' Agreement of 2010
(ASCA)B(10/12/2010)

CLAUSE 35 UNION'S DAY

At Management's discretion, the Company shall provide one day's special leave to all Union Branch officials on the Union's Anniversary Day which is decided by the Union's Executive Council and upon application by the Union.

CLAUSE 36 EQUAL REMUNERATION

- (1) Both parties accept that the principle of equal remuneration for men and women for work of equal value shall apply. "Remuneration" means salary (as defined in the Employment Act) and any other consideration, whether in cash or in kind, which the employee receives directly or indirectly, in respect of employment.
- (2) The employer shall ensure the principles of equal remuneration for men and women for work of equal value are adhered to. Regardless of their gender, employees will be paid and rewarded based on the value of job, performance and contribution.

IN WITNESS WHEREOF the parties hereto, have hereunto set their hands the day and year first above written.

Signed for and on behalf of

**AVAGO TECHNOLOGIES
MANUFACTURING
(SINGAPORE)
PTE. LTD.**

/s/ OOI BOON CHYE

OOI BOON CHYE

Senior VP, Global Operations

/s/ THERESA LIM

THERESA LIM

HR Director

**UNITED WORKERS OF
ELECTRONICS & ELECTRICAL
INDUSTRIES**

/s/ HALIMAH YACOB

HALIMAH YACOB

Executive Secretary

/s/ CYRILLE TAN

CYRILLE TAN

General Secretary

/s/ BELINDA TENG BEE HONG

BELINDA TENG BEE HONG

Branch Chairman

/s/ PAULINE TONG

PAULINE TONG

Branch Secretary

/s/ MAZNAH BINTE AHMAD

MAZNAH BINTE AHMAD

Branch Treasurer

In the presence of:

/s/ NG YANLI

NG YANLI

Industrial Relations Officer

AVAGO TECHNOLOGIES SINGAPORE EMPLOYEES' AGREEMENT OF 2010

Materials

2007 CA Job Title	2010 CA Job Title	Job Level	Job Family	New Global Grade	Monthly Min (SGD)	Monthly Mid (SGD)	Monthly Max (SGD)
Mat'l Handler	Mfg Ops Support Mat'l Handling 1	ICA1-Entry	Operations Support Mat'l Handling	G10C	900	1,200	1,500
Storekeeper A	Mfg Ops Support Mat'l Handling 2	ICA2-Intermediate	Operations Support Mat'l Handling	G11C	985	1,308	1,638
Storekeeper B	Mfg Ops Support Mat'l Handling 3	ICA3-Career	Operations Support Mat'l Handling	G12C	1,154	1,538	1,923
Storekeeper C	Mfg Ops Support Mat'l Handling 4	ICA4-Expert	Operations Support Mat'l Handling	G13C	1,331	1,769	2,215

Mfg Operations Support — Process/Product

2007 CA Job Title	2010 CA Job Title	Job Level	Job Family	New Global Grade	Monthly Min (SGD)	Monthly Mid (SGD)	Monthly Max (SGD)
Operator	Mfg Ops Support Proc/Prod 1	ICA1-Entry	Operations Support Proc/Prod	G10B	750	1,000	1,250
QA Inspector	Mfg Ops Support Proc/Prod 2	ICA2-Intermediate	Operations Support Proc/Prod	G11B	900	1,200	1,500
Technical Operator A	Mfg Ops Support Proc/Prod 3	ICA3-Career	Operations Support Proc/Prod	G12B	985	1,308	1,638
Technical Operator B	Mfg Ops Support Proc/Prod 4	ICA4-Expert	Operations Support Proc/Prod	G13B	1,154	1,538	1,923

Wafer Fabrication — Ops Support

2007 CA Job Title	2010 CA Job Title	Job Level	Job Family	New Global Grade	Monthly Min (SGD)	Monthly Mid (SGD)	Monthly Max (SGD)
Fab Assistant A	Mfg Ops Support Fab 1	ICA1-Entry	Operations Support Fabrication	G10C	900	1,200	1,500
N.A	Mfg Ops Support Fab 2	ICA2-Intermediate	Operations Support Fabrication	G11C	985	1,308	1,638
Fab Assistant B	Mfg Ops Support Fab 3	ICA3-Career	Operations Support Fabrication	G12C	1,154	1,538	1,923
Fab Specialist	Mfg Ops Support Fab 4	ICA4-Expert	Operations Support Fabrication	G13C	1,331	1,769	2,215

Wafer Fabrication — Mfg Technician

2007 CA Job Title	2010 CA Job Title	Job Level	Job Family	New Global Grade	Monthly Min (SGD)	Monthly Mid (SGD)	Monthly Max (SGD)
N.A	Mfg Technician Fab 1	ICA1-Entry	Mfg Technician Fabrication	G12C	1,154	1,538	1,923
N.A	Mfg Technician Fab 2	ICA2-Intermediate	Mfg Technician Fabrication	G13C	1,331	1,769	2,215
N.A	Mfg Technician Fab 3	ICA3-Career	Mfg Technician Fabrication	G14C	1,500	2,000	2,500

CA NO 315/2010

Avago Technologies Singapore Employees' Agreement of 2010
(ASCA)B(10/12/2010)

Administrative

2007 CA Job Title	2010 CA Job Title	Job Level	Job Family	New Global Grade	Monthly Min (SGD)	Monthly Mid (SGD)	Monthly Max (SGD)
Admin Assistant A	Prod Planning Support 1	ICA1-Entry	Planning Support	G11C	985	1,308	1,638
N.A	Prod Planning Support 2	ICA2-Intermediate	Planning Support	G12C	1,154	1,538	1,923
Admin Assistant B	Prod Planning Support 3	ICA3-Career	Planning Support	G13C	1,331	1,769	2,215
Admin Assistant C	Prod Planning Support 4	ICA4-Expert	Planning Support	G14C	1,500	2,000	2,500

- Notes:
- (1) Min refers to Minimum of Salary Range
 - (2) Mid refers to Mid point which is benchmarked against market base salary
 - (3) Max refers to Maximum of Salary Range
 - (4) The above salary ranges shall be reviewed annually to reflect market competitiveness

CA NO 315/2010
 Avago Technologies Singapore Employees' Agreement of 2010
 (ASCA)B(10/12/2010)

AVAGO TECHNOLOGIES SINGAPORE EMPLOYEES' AGREEMENT OF 2010
GROUP HOSPITALISATION AND SURGICAL INSURANCE PLAN

Maximum Per Policy Year (S\$)

	Schedule of Benefits	S\$
1	Daily Room and Board (daily maximum up to 120 days)	200*
2	Intensive Care Unit (up to 30 days)	600 / day*
3	Hospital Miscellaneous Services	6000*
4	Surgical Benefit Subject to Schedule	7000*
5	Daily In-Hospital Doctor's Visit (daily maximum up to 120 days)	60*
6	Diagnostic X-ray and Laboratory Fees (maximum per disability)	400
7	Specialist Consultation and Treatment (maximum per disability per policy year)	600
8	Emergency Outpatient Treatment	1000
9	Post Medical Hospitalisation Follow-up	1000*
10	Death Benefit	3000

* For items 1-5 and item 9, the coverage is S\$15,000 per policy year subject to 4 bedded Govt. Ward.

Computation of Ratio of Earnings to Fixed Charges
(In millions, except ratio data)

	Predecessor One Month Ended November 30, 2005	Company				
		October 31, 2006	October 31, 2007	Year Ended November 2, 2008	November 1, 2009	October 31, 2010
Fixed charges (1)						
Interest expense	\$ —	\$ 121	\$ 105	\$ 82	\$ 73	\$ 32
Amortization of debt issuance costs and	—	22	4	4	4	2
Portion of rental expense representative of interest (2)	1	4	3	4	4	4
Total fixed charges	\$ 1	\$ 147	\$ 112	\$ 90	\$ 81	\$ 38
Earnings						
Income (loss) from continuing operations before income taxes	\$ (23)	\$ (225)	\$ (212)	\$ 60	\$ (36)	\$ 406
Fixed charges per above	1	147	112	90	81	38
Total earnings	\$ (22)	\$ (78)	\$ (100)	\$ 150	\$ 45	\$ 444
Deficiency of earnings to fixed charges	\$ (23)	\$ (225)	\$ (212)	\$ —	\$ (36)	\$ —
Ratio of earnings to fixed charges (3)	—	—	—	1.7	—	11.7

- (1) For purposes of computing this ratio of earnings to fixed charges, "fixed charges" consist of interest expense on all indebtedness plus amortization of debt issuance costs and an estimate of interest expense within rental expense. "Earnings" consist of pre-tax income (loss) from continuing operations plus fixed charges.
- (2) The Company uses one-third of rental expense as an estimation of the interest factor on its rental expense.
- (3) Earnings were insufficient to cover fixed charges by \$23 million, \$225 million, \$212 million, and \$36 million, for the one month ended November 30, 2005, the years ended October 31, 2006, October 31, 2007, and November 1, 2009, respectively.

Avago Technologies Limited — List of Subsidiaries

Name of Subsidiary	Country of Incorporation	Ownership Interest (Direct or Indirect)
Avago Semiconductor Technologies (Shanghai) Limited	China	100%
Avago Technologies Canada Corporation	Canada	100%
Avago Technologies ECBU IP (Singapore) Pte. Ltd.	Singapore	100%
Avago Technologies Enterprise Holding (Labuan) Corporation	Labuan	100%
Avago Technologies Enterprise IP (Singapore) Pte. Ltd.	Singapore	100%
Avago Technologies Fiber GmbH	Germany	100%
Avago Technologies Fiber Holding (Labuan) Corporation	Labuan	100%
Avago Technologies Fiber IP (Singapore) Pte. Ltd.	Singapore	100%
Avago Technologies Finance Pte. Ltd.	Singapore	100%
Avago Technologies Finland Oy	Finland	100%
Avago Technologies France SAS	France	100%
Avago Technologies General Hungary Vagyonkezelő Kft	Hungary	100%
Avago Technologies General IP (Singapore) Pte. Ltd.	Singapore	100%
Avago Technologies GmbH	Germany	100%
Avago Technologies Holding Pte. Ltd.	Singapore	100%
Avago Technologies Holdings B.V.	Netherlands	100%
Avago Technologies Imaging Holding (Labuan) Corporation	Labuan	100%
Avago Technologies International Sales Pte. Limited	Singapore	100%
Avago Technologies Italy S.r.l.	Italy	100%
Avago Technologies Japan, Ltd.	Japan	100%
Avago Technologies Korea Co. Ltd.	Korea	99%
Avago Technologies Luxembourg S.à.r.l.	Luxembourg	100%
Avago Technologies (Malaysia) Sdn. Bhd.	Malaysia	100%
Avago Technologies Manufacturing (Singapore) Pte. Ltd.	Singapore	100%
Avago Technologies Mexico, S. de R.L. de C.V.	Mexico	100%
Avago Technologies Spain SA	Spain	100%
Avago Technologies Storage Holding (Labuan) Corporation	Labuan	100%
Avago Technologies Sweden AB	Sweden	100%
Avago Technologies Trading Ltd	Mauritius	100%
Avago Technologies U.K. Limited	England	100%
Avago Technologies U.S. Inc.	Delaware (U.S.A.)	100%
Avago Technologies Wireless (U.S.A.) Manufacturing Inc.	Delaware (U.S.A.)	100%
Avago Technologies Wireless Holding (Labuan) Corporation	Labuan	100%
Avago Technologies Wireless Holdings B.V.	Netherlands	100%
Avago Technologies Wireless Hungary Vagyonkezelő Kft	Hungary	100%
Avago Technologies Wireless IP (Singapore) Pte. Ltd.	Singapore	100%
Eltra Sensing Technology (Shanghai) Co., Ltd.	China	100%
Eltra Slovakia, S.r.o.	Slovakia	100%
Eltra S.p.A.	Italy	100%
Orisil Technology Inc.	Cayman Islands	100%
Nemicon Corporation	Japan	100%
REP Avao (Wuxi) Electronics Technologies Limited	China	100%

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-161746 and 333-169172) and S-3 (No. 333-168621) of Avago Technologies Limited of our report dated December 15, 2010, relating to the consolidated financial statements, financial statement schedule and the effectiveness of internal control over financial reporting of Avago Technologies Limited, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Jose, California
December 15, 2010

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Hock E. Tan, certify that:

1. I have reviewed this Annual Report on Form 10-K of Avago Technologies Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Hock E. Tan

Hock E. Tan
Chief Executive Officer
Date: December 15, 2010

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Douglas R. Bettinger, certify that:

1. I have reviewed this Annual Report on Form 10-K of Avago Technologies Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Douglas R. Bettinger

Douglas R. Bettinger
Chief Financial Officer

Date: December 15, 2010

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Avago Technologies Limited (the "Company") for the year ended October 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Hock E. Tan, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 15, 2010

/s/ Hock E. Tan

Hock E. Tan

Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Avago Technologies Limited (the "Company") for the year ended October 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Douglas R. Bettinger, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 15, 2010

/s/ Douglas R. Bettinger
Douglas R. Bettinger
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.