

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

	<b>Fiscal Quarter Ended</b>			<b>Three Fiscal Quarters Ended</b>	
	<b>August 3, 2014</b>	<b>May 4, 2014</b>	<b>August 4, 2013</b>	<b>August 3, 2014</b>	<b>August 4, 2013</b>
Net revenue	\$ 1,269	\$ 701	\$ 644	\$ 2,679	\$ 1,782
Cost of products sold:					
Cost of products sold	560	326	321	1,233	883
Purchase accounting effect on inventory	200	-	4	200	4
Amortization of intangible assets	105	18	14	141	42
Restructuring charges	11	-	1	16	1
Total cost of products sold	<u>876</u>	<u>344</u>	<u>340</u>	<u>1,590</u>	<u>930</u>
Gross margin	393	357	304	1,089	852
Research and development	240	114	101	461	289
Selling, general and administrative	137	67	57	278	162
Amortization of intangible assets	91	8	6	106	17
Restructuring charges	87	8	-	107	2
Total operating expenses	<u>555</u>	<u>197</u>	<u>164</u>	<u>952</u>	<u>470</u>
(Loss)/income from operations	(162)	160	140	137	382
Interest expense	(55)	(1)	(1)	(56)	(2)
Other (expense)/income, net	(2)	-	5	(2)	8
(Loss)/income before income taxes	<u>(219)</u>	<u>159</u>	<u>144</u>	<u>79</u>	<u>388</u>
(Benefit from)/provision for income taxes	(99)	1	2	(93)	8
(Loss)/income from continuing operations	<u>(120)</u>	<u>158</u>	<u>142</u>	<u>172</u>	<u>380</u>
Loss from discontinued operations, net of income taxes	(44)	-	-	(44)	-
Net (loss)/income	<u>\$ (164)</u>	<u>\$ 158</u>	<u>\$ 142</u>	<u>\$ 128</u>	<u>\$ 380</u>
Basic (loss)/income per share:					
(Loss)/income from continuing operations	\$ (0.48)	\$ 0.63	\$ 0.57	\$ 0.69	\$ 1.54
Loss from discontinued operations, net of income taxes	\$ (0.17)	\$ -	\$ -	\$ (0.18)	\$ -
Net (loss)/income	\$ (0.65)	\$ 0.63	\$ 0.57	\$ 0.51	\$ 1.54
Diluted (loss)/income per share:					
(Loss)/income from continuing operations	\$ (0.48)	\$ 0.61	\$ 0.56	\$ 0.65	\$ 1.51
Loss from discontinued operations, net of income taxes	\$ (0.17)	\$ -	\$ -	\$ (0.17)	\$ -
Net (loss)/income	\$ (0.65)	\$ 0.61	\$ 0.56	\$ 0.48	\$ 1.51
Shares used in per share calculations:					
Basic	252	251	248	251	246
Diluted	252	258	252	265	251
Share-based compensation expense included in continuing operations:					
Cost of products sold	\$ 6	\$ 3	\$ 3	\$ 12	\$ 7
Research and development	20	10	8	38	22
Selling, general and administrative	24	17	9	54	26
Total share-based compensation expense	<u>\$ 50</u>	<u>\$ 30</u>	<u>\$ 20</u>	<u>\$ 104</u>	<u>\$ 55</u>

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

	<b>Fiscal Quarter Ended</b>			<b>Three Fiscal Quarters Ended</b>	
	<b>August 3, 2014</b>	<b>May 4, 2014</b>	<b>August 4, 2013</b>	<b>August 3, 2014</b>	<b>August 4, 2013</b>
Net revenue	\$ 1,287	\$ 701	\$ 644	\$ 2,697	\$ 1,782
Gross margin	\$ 735	\$ 381	\$ 328	\$ 1,482	\$ 908
% of net revenue	57%	54%	51%	55%	51%
Research and development	\$ 219	\$ 101	\$ 91	\$ 418	\$ 265
Selling, general and administrative	\$ 88	\$ 47	\$ 46	\$ 179	\$ 132
Total operating expenses	\$ 307	\$ 148	\$ 137	\$ 597	\$ 397
% of net revenue	24%	21%	21%	22%	22%
Income from operations	\$ 428	\$ 233	\$ 191	\$ 885	\$ 511
Income before income taxes	\$ 371	\$ 232	\$ 195	\$ 827	\$ 517
Provision for income taxes	\$ 24	\$ 9	\$ 7	\$ 40	\$ 13
Net income	\$ 347	\$ 223	\$ 188	\$ 787	\$ 504
Net income per share - diluted	\$ 1.26	\$ 0.85	\$ 0.74	\$ 2.90	\$ 1.99
Shares used in per share calculation - diluted	276	263	253	271	253

(1) A reconciliation of the non-GAAP measures presented above to the most directly comparable GAAP financial data appears on the next page. These non-GAAP measures are provided in addition to and not as a substitute for measures of financial performance prepared in accordance with GAAP. The financial summary excludes acquisition-related revenue adjustments, purchase accounting effect on inventory, amortization of intangible assets, share-based compensation expense, restructuring charges, acquisition-related costs, loss from discontinued operations and income tax effects of non-GAAP reconciling adjustments.

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

	<b>Fiscal Quarter Ended</b>			<b>Three Fiscal Quarters Ended</b>	
	<b>August 3, 2014</b>	<b>May 4, 2014</b>	<b>August 4, 2013</b>	<b>August 3, 2014</b>	<b>August 4, 2013</b>
Net revenue on GAAP basis	\$ 1,269	\$ 701	\$ 644	\$ 2,679	\$ 1,782
Acquisition-related purchase accounting revenue adjustment	18	-	-	18	-
Net revenue on non-GAAP basis	<u>\$ 1,287</u>	<u>\$ 701</u>	<u>\$ 644</u>	<u>\$ 2,697</u>	<u>\$ 1,782</u>
Net revenue on GAAP basis	\$ 1,269	\$ 701	\$ 644	\$ 2,679	\$ 1,782
Net revenue contribution from discontinued operations	104	-	-	104	-
Net revenue on GAAP basis including discontinued operations	1,373	701	644	2,783	1,782
Acquisition-related purchase accounting revenue adjustment from continuing operations	18	-	-	18	-
Acquisition-related purchase accounting revenue adjustment from discontinued operations	3	-	-	3	-
Net revenue on non-GAAP basis including discontinued operations	<u>\$ 1,394</u>	<u>\$ 701</u>	<u>\$ 644</u>	<u>\$ 2,804</u>	<u>\$ 1,782</u>
Gross margin on GAAP basis	\$ 393	\$ 357	\$ 304	\$ 1,089	\$ 852
Acquisition-related purchase accounting revenue adjustment	18	-	-	18	-
Purchase accounting effect on inventory	200	-	4	200	4
Amortization of intangible assets	105	18	14	141	42
Share-based compensation expense	6	3	3	12	7
Restructuring charges	11	-	1	16	1
Acquisition-related costs	2	3	2	6	2
Gross margin on non-GAAP basis	<u>\$ 735</u>	<u>\$ 381</u>	<u>\$ 328</u>	<u>\$ 1,482</u>	<u>\$ 908</u>
Research and development on GAAP basis	\$ 240	\$ 114	\$ 101	\$ 461	\$ 289
Share-based compensation expense	20	10	8	38	22
Acquisition-related costs	1	3	2	5	2
Research and development on non-GAAP basis	<u>\$ 219</u>	<u>\$ 101</u>	<u>\$ 91</u>	<u>\$ 418</u>	<u>\$ 265</u>
Selling, general and administrative expense on GAAP basis	\$ 137	\$ 67	\$ 57	\$ 278	\$ 162
Share-based compensation expense	24	17	9	54	26
Acquisition-related costs	25	3	2	45	4
Selling, general and administrative expense on non-GAAP basis	<u>\$ 88</u>	<u>\$ 47</u>	<u>\$ 46</u>	<u>\$ 179</u>	<u>\$ 132</u>
Total operating expenses on GAAP basis	\$ 555	\$ 197	\$ 164	\$ 952	\$ 470
Amortization of intangible assets	91	8	6	106	17
Share-based compensation expense	44	27	17	92	48
Restructuring charges	87	8	-	107	2
Acquisition-related costs	26	6	4	50	6
Total operating expenses on non-GAAP basis	<u>\$ 307</u>	<u>\$ 148</u>	<u>\$ 137</u>	<u>\$ 597</u>	<u>\$ 397</u>
(Loss)/income from operations on GAAP basis	\$ (162)	\$ 160	\$ 140	\$ 137	\$ 382
Acquisition-related purchase accounting revenue adjustment	18	-	-	18	-
Purchase accounting effect on inventory	200	-	4	200	4
Amortization of intangible assets	196	26	20	247	59
Share-based compensation expense	50	30	20	104	55
Restructuring charges	98	8	1	123	3
Acquisition-related costs	28	9	6	56	8
Income from operations on non-GAAP basis	<u>\$ 428</u>	<u>\$ 233</u>	<u>\$ 191</u>	<u>\$ 885</u>	<u>\$ 511</u>
(Loss)/income before income taxes on GAAP basis	\$ (219)	\$ 159	\$ 144	\$ 79	\$ 388
Acquisition-related purchase accounting revenue adjustment	18	-	-	18	-
Purchase accounting effect on inventory	200	-	4	200	4
Amortization of intangible assets	196	26	20	247	59
Share-based compensation expense	50	30	20	104	55
Restructuring charges	98	8	1	123	3
Acquisition-related costs	28	9	6	56	8
Income before income taxes on non-GAAP basis	<u>\$ 371</u>	<u>\$ 232</u>	<u>\$ 195</u>	<u>\$ 827</u>	<u>\$ 517</u>
(Benefit from)/provision for income taxes on GAAP basis	\$ (99)	\$ 1	\$ 2	\$ (93)	\$ 8
Income tax effects of non-GAAP reconciling adjustments	123	8	5	133	5
Provision for income taxes on non-GAAP basis	<u>\$ 24</u>	<u>\$ 9</u>	<u>\$ 7</u>	<u>\$ 40</u>	<u>\$ 13</u>

Net (loss)/income on GAAP basis	\$ (164)	\$ 158	\$ 142	\$ 128	\$ 380
Acquisition-related purchase accounting revenue adjustment	18	-	-	18	-
Purchase accounting effect on inventory	200	-	4	200	4
Amortization of intangible assets	196	26	20	247	59
Share-based compensation expense	50	30	20	104	55
Restructuring charges	98	8	1	123	3
Acquisition-related costs	28	9	6	56	8
Income tax effects of non-GAAP reconciling adjustments	(123)	(8)	(5)	(133)	(5)
Loss from discontinued operations, net of income taxes	44	-	-	44	-
Net income on non-GAAP basis	<u>\$ 347</u>	<u>\$ 223</u>	<u>\$ 188</u>	<u>\$ 787</u>	<u>\$ 504</u>
Shares used in per share calculation - diluted on GAAP basis	252	258	252	265	251
Non-GAAP adjustment	24	5	1	6	2
Shares used in per share calculation - diluted on non-GAAP basis(1)	<u>276</u>	<u>263</u>	<u>253</u>	<u>271</u>	<u>253</u>
Days sales outstanding on GAAP basis	42				
Non-GAAP adjustment	(3)				
Days sales outstanding on non-GAAP basis(2)	<u>39</u>				
Inventory Days on Hand on GAAP basis	58	84	80		
Non-GAAP adjustment	21	2	2		
Inventory Days on Hand on non-GAAP basis(3)	<u>79</u>	<u>86</u>	<u>82</u>		

(1) The number of shares used in the diluted per share calculations on a non-GAAP basis exclude the impact of share-based compensation expense expected to be incurred in future periods and not yet recognized in the financial statements, which would otherwise be assumed to be used to repurchase shares under the GAAP treasury stock method.

(2) Days sales outstanding on a non-GAAP basis includes the impact of the acquisition-related purchase accounting revenue adjustment and excludes the impact of accounts receivable related to discontinued operations.

(3) Inventory days on hand on a non-GAAP basis excludes the impact of purchase accounting on inventory, amortization of intangible assets, share-based compensation expense, restructuring charges, acquisition-related costs, and cost of products sold attributable to discontinued operations.

**AVAGO TECHNOLOGIES LIMITED**  
**GAAP AND NON-GAAP NET REVENUE BY TARGET MARKET - UNAUDITED**  
**(IN MILLIONS, EXCEPT PERCENTAGES)**

	<b>Fiscal Quarter Ended</b>								<b>Growth Rates</b>			
	<b>August 3,</b>				<b>May 4,</b>		<b>August 4,</b>					
	<b>2014</b>				<b>2014</b>		<b>2013</b>					
	<b>GAAP</b>		<b>Non-GAAP</b>		<b>GAAP</b>	<b>GAAP</b>	<b>GAAP</b>	<b>Non-GAAP</b>			<b>Q/Q</b>	<b>Y/Y</b>
Net revenue by target market:	\$	%	\$	%	\$	\$						
Enterprise Storage	\$ 404	32	\$ 404	32	\$ -	\$ -	-	-	-	-	-	-
Wireless Communications	364	29	364	28	348	288	5%	26%	5%	26%		
Wired Infrastructure	352	27	349	27	219	202	61%	74%	59%	73%		
Industrial & Other	149	12	170	13	134	154	11%	-3%	27%	10%		
Total net revenue	<u>\$ 1,269</u>	<u>100</u>	<u>\$ 1,287</u>	<u>100</u>	<u>\$ 701</u>	<u>\$ 644</u>						

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

	August 3, 2014	November 3, 2013 (1)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,277	\$ 985
Trade accounts receivable, net	590	418
Inventory	482	285
Assets held for sale	1,029	-
Other current assets	442	130
Total current assets	3,820	1,818
Property, plant and equipment, net	1,016	661
Goodwill	1,526	391
Intangible assets, net	3,620	492
Other long-term assets	320	53
Total assets	\$ 10,302	\$ 3,415
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 459	\$ 278
Employee compensation and benefits	207	98
Current portion of long-term debt	46	-
Other current liabilities	228	47
Total current liabilities	940	423
Long-term liabilities:		
Pension and post-retirement benefit obligations	481	62
Long-term debt, less current portion	5,472	-
Other long-term liabilities	311	44
Total liabilities	7,204	529
Shareholders' equity:		
Ordinary shares, no par value	1,875	1,587
Retained earnings	1,230	1,305
Accumulated other comprehensive loss	(7)	(6)
Total shareholders' equity	3,098	2,886
Total liabilities and shareholders' equity	\$ 10,302	\$ 3,415

(1) Amounts as of November 3, 2013 have been derived from audited financial statements as of that date.

**AVAGO TECHNOLOGIES LIMITED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED**  
**(IN MILLIONS)**

	<b>Fiscal Quarter Ended</b>			<b>Three Fiscal Quarters Ended</b>	
	<b>August 3, 2014</b>	<b>May 4, 2014</b>	<b>August 4, 2013</b>	<b>August 3, 2014</b>	<b>August 4, 2013 (1)</b>
<b>Cash flows from operating activities:</b>					
Net (loss) income	\$ (164)	\$ 158	\$ 142	\$ 128	\$ 380
Adjustments to reconcile net (loss) income to net cash provided by operating activities:					
Depreciation and amortization	257	61	46	375	129
Share-based compensation	55	30	20	109	55
Tax benefits of share-based compensation	(12)	8	6	-	6
Excess tax benefits from share-based compensation	11	(8)	(3)	-	(3)
Unrealized gain on trading securities	-	-	(4)	-	(5)
Amortization of debt discount and debt issuance costs	7	-	-	7	-
Gain from post-retirement medical plan curtailment and settlement	-	-	-	(3)	-
Other	10	-	3	10	4
Changes in assets and liabilities, net of acquisitions:					
Trade accounts receivable	11	4	(43)	110	27
Inventory	215	(15)	(20)	199	(54)
Accounts payable	(23)	8	11	(39)	13
Employee compensation and benefits	30	27	16	18	14
Other current assets and current liabilities	43	(4)	(33)	30	(54)
Other long-term assets and long-term liabilities	(126)	(18)	(4)	(150)	(2)
<b>Net cash provided by operating activities</b>	<b>314</b>	<b>251</b>	<b>137</b>	<b>794</b>	<b>510</b>
<b>Cash flows from investing activities:</b>					
Purchases of property, plant and equipment	(95)	(73)	(65)	(220)	(179)
Acquisitions, net of cash acquired	(5,644)	-	(372)	(5,644)	(409)
Purchases of investments	-	-	(1)	-	(10)
Proceeds from sale of investment	-	14	-	14	-
<b>Net cash used in investing activities</b>	<b>(5,739)</b>	<b>(59)</b>	<b>(438)</b>	<b>(5,850)</b>	<b>(598)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from government grants	-	-	-	2	8
Proceeds from term loan borrowings	4,600	-	-	4,600	-
Proceeds from issuance of convertible senior notes	1,000	-	-	1,000	-
Debt issuance costs	(124)	-	-	(124)	-
Payment on capital lease obligation	(1)	-	-	(1)	(1)
Issuance of ordinary shares	33	34	32	86	60
Repurchases of ordinary shares	-	-	(38)	(12)	(62)
Excess tax benefits from share-based compensation	(11)	8	3	-	3
Dividend payments to shareholders	(73)	(68)	(52)	(203)	(141)
<b>Net cash provided by (used in) financing activities</b>	<b>5,424</b>	<b>(26)</b>	<b>(55)</b>	<b>5,348</b>	<b>(133)</b>
Net increase (decrease) in cash and cash equivalents	(1)	166	(356)	292	(221)
Cash and cash equivalents at the beginning of period	1,278	1,112	1,219	985	1,084
Cash and cash equivalents at end of period	<u>\$ 1,277</u>	<u>\$ 1,278</u>	<u>\$ 863</u>	<u>\$ 1,277</u>	<u>\$ 863</u>

(1) The statement of cash flows data for three fiscal quarters ended August 4, 2013 reflects a reclassification of \$3 million of government grant reimbursements related to fixed assets from cash flows provided by operating activities to cash flows used in financing activities. As a result, net cash provided by operating activities and net cash used in financing activities for this period each decreased by a corresponding amount.