
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 26, 2010 (May 26, 2010)

Avago Technologies Limited

(Exact name of registrant as specified in its charter)

Singapore
(State or other jurisdiction
of incorporation)

001-34428
(Commission
File Number)

N/A
(IRS Employer
Identification No.)

1 Yishun Avenue 7
Singapore 768923
(Address of principal executive offices)

N/A
(Zip Code)

Registrant's telephone number, including area code: (65) 6755-7888

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On May 26, 2010, Avago Technologies Ltd. (“Avago” or the “Company”) issued a press release announcing its financial results for the second quarter of its fiscal year ending October 31, 2010. The Company will host an investor conference call on May 26, 2010 at 2:00 p.m. Pacific Time to discuss these results.

The foregoing description is qualified in its entirety by reference to the press release dated May 26, 2010, a copy of which is attached hereto as Exhibit 99.1.

Item 7.01. Regulation FD Disclosure.

The Company also announced that it will be presenting at the UBS Global Technology and Services Conference in New York on June 10, 2010 and at the Nasdaq OMX Investor Conference in London on June 23, 2010. Both of these presentations will be webcast and available for replay on the Investors section of Avago’s website.

The information contained in this report and in the accompanying exhibit shall not be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to such filing. The information in this report, including the exhibit hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following is furnished as an exhibit to this report and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated May 26, 2010, entitled “Avago Technologies Limited Announces Second Quarter Fiscal Year 2010 Financial Results”.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K (including the press release attached hereto as Exhibit 99.1), contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, which address our expected future business and financial performance. 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, or enforceability of our intellectual property rights; and any statements of assumptions underlying any of the foregoing. These forward-looking statements are based on current expectations, estimates, forecasts and projections of future Company or industry performance based on management’s judgment, beliefs, current trends and market conditions and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. Accordingly, we caution you not to place undue reliance on these statements. For Avago, particular uncertainties that could materially affect future results include cyclicality in the semiconductor industry or in our target markets; the recent economic downturn and financial crisis and their impact on our business, results of operations, and financial condition; quarterly and annual fluctuations in operating results; our ability to generate cash sufficient to fund our research and development, capital expenditures and other

business needs and to service our debt; 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; loss of our significant customers; our ability to maintain tax concessions in certain jurisdictions; our ability to protect our intellectual property and any associated increases in litigation expenses; 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. Our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (the “SEC”) on March 4, 2010 and other Avago filings with the SEC (which you may obtain for free at the SEC’s website at <http://www.sec.gov>) discuss some of the important risk factors that may affect our business, results of operations and financial condition. We undertake no intent or obligation to publicly update or revise any of these forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.

SIGNATURE

Pursuant to the requirements 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.

Date: May 26, 2010

Avago Technologies Limited

By: /s/ DOUGLAS R. BETTINGER

Name: **Douglas R. Bettinger**

Title: **Senior Vice President and Chief Financial Officer**

EXHIBIT INDEX

Exhibit

No.

Description

99.1

Press release, dated May 26, 2010, entitled “Avago Technologies Limited Announces Second Quarter Fiscal Year 2010 Financial Results”.

**Avago Technologies Limited Announces Second Quarter
Fiscal Year 2010 Financial Results**

- *Net revenue up 13 percent sequentially to \$515 million*
- *GAAP gross margin increased to 45.2 percent; Non-GAAP gross margin up to 48.2 percent*

SAN JOSE, Calif., and SINGAPORE – May 26, 2010 – Avago Technologies Limited (Nasdaq: AVGO), a leading designer, developer and global supplier of a broad range of analog semiconductor devices with a focus on III-V based products, today reported financial results for its second quarter fiscal year 2010, ended May 2, 2010, and provided guidance for the third quarter fiscal year 2010.

Second Quarter Fiscal Year 2010 GAAP Results

Net revenue was \$515 million, an increase of 13 percent compared with the previous quarter, and up 58 percent from the same quarter last year.

Gross margin was \$233 million, or 45.2 percent of net revenue. This compares with gross margin of \$194 million, or 42.5 percent of net revenue last quarter, and gross margin of \$98 million, or 30.2 percent of net revenue in the same quarter last year.

Second quarter net income was \$90 million, or \$0.37 per diluted share. This compares with net income of \$38 million, or \$0.16 per diluted share last quarter, and a net loss of \$31 million, or (\$0.14) per diluted share in the same quarter last year.

The Company's cash balance at the end of the second quarter was \$256 million, compared to \$144 million at the end of the prior quarter. The increase in cash over the quarter is primarily due to \$115 million of cash generated from operations.

Second Quarter Fiscal Year 2010 Non-GAAP Results

Gross margin was \$248 million, or 48.2 percent of net revenue. This compares with gross margin of \$209 million, or 45.8 percent of net revenue last quarter, and gross margin of \$115 million, or 35.4 percent of net revenue in the same quarter last year.

Net income was \$117 million, or \$0.47 per diluted share. This compares with net income of \$88 million, or \$0.36 per diluted share last quarter, and a net loss of \$2 million, or (\$0.01) per diluted share in the same quarter last year.

Adjusted EBITDA, as defined in the indenture governing the Company's outstanding debt securities, was \$154 million, compared with \$122 million last quarter and \$40 million in the same quarter last year.

Second Quarter Fiscal Year 2010 Non-GAAP Results

<u>(Dollars in millions, except EPS)</u>	<u>Q2 10</u>	<u>Q1 10</u>	<u>Q2 09</u>	<u>Change</u>	
				<u>Q/Q</u>	<u>Y/Y</u>
Net Revenue	\$ 515	\$ 456	\$ 325	+13%	+58%
Gross Margin	48.2%	45.8%	35.4%	+240bps	+1280bps
Operating Expenses	\$ 113	\$ 105	\$ 97	+\$8	+\$16
Net Income	\$ 117	\$ 88	\$ (2)	+\$29	+\$119
Earnings Per Share - Diluted	\$0.47	\$0.36	\$(0.01)	+\$0.11	+\$0.48

“Our business continued to demonstrate strong growth in the second quarter of fiscal 2010,” said Hock Tan, President and CEO of Avago Technologies Limited. “This was driven by strong industrial infrastructure spending, especially in China, and continued market acceptance of new products in several of our target markets.”

Other Quarterly Data

<u>Net Revenues by Target Market</u>	<u>Percentage of Net Revenue</u>			<u>Growth Rates</u>	
	<u>Q2 10</u>	<u>Q1 10</u>	<u>Q2 09</u>	<u>Q/Q</u>	<u>Y/Y</u>
Wireless Communications	38	38	43	14%	40%
Industrial & Automotive	29	26	20	26%	123%
Wired Infrastructure	24	26	28	3%	37%
Consumer & Computing Peripherals	9	10	9	4%	71%

<u>Key Statistics</u>	<u>Q2 10</u>	<u>Q1 10</u>	<u>Q2 09</u>
(Dollars in millions)			
Cash From Operations	\$ 115	\$ 41	\$ 66
Depreciation	\$ 20	\$ 19	\$ 20
Amortization	\$ 20	\$ 20	\$ 19
Capital Expenditures	\$ 18	\$ 9	\$ 13
Days Sales Outstanding	44	41	52
Inventory Days On Hand	60	61	65

Third Quarter Fiscal Year 2010 Business Outlook

Based on current business trends, the outlook for the third fiscal quarter of 2010, ending August 1, 2010, is expected to be as follows:

	<u>GAAP</u>	<u>Reconciling Items</u>	<u>Non-GAAP</u>
Net Revenue	Up 4% to 7%		Up 4% to 7%
Gross Margin	46.0% plus/minus 1ppt.	\$15M	49.0% plus/minus 1ppt.
Operating Expenses	\$127M	\$11M	\$116M
Interest and Other	\$8M		\$8M
Taxes	\$4M		\$4M
Diluted Share Count	247M		251M

Reconciling items include \$14 million of amortization of acquisition-related intangibles and \$1 million of share-based compensation expenses at the Gross Margin line and \$5 million of amortization of acquisition-related intangibles and \$6 million of share-based compensation expenses at the Operating Expenses line.

Capital expenditures are expected to be in the range of \$20 million to \$25 million. Depreciation and amortization are both expected to be approximately \$20 million in the third quarter.

The guidance provided above is only an estimate of what the Company believes is realizable as of the date of this release. Actual results will vary from the guidance and the variations may be material. We undertake no intent or obligation to publicly update or revise any of these projections, whether as a result of new information, future events or otherwise, except as required by law.

Avago will be presenting at the UBS Global Technology and Services Conference in New York on June 10, 2010 and at the Nasdaq OMX Investor Conference in London on June 23, 2010. Both of these presentations will be webcast and available for replay on the Investors section of Avago's [website](#).

Financial Results Conference Call

Avago Technologies Limited will host a conference call to review its financial results for the second quarter fiscal year 2010, and to provide guidance for the third quarter of fiscal year 2010, today at 2:00 p.m. Pacific Time. Those wishing to access the call should dial 866-356-4281; International 617-597-5395. The passcode is 24808425. A replay of the call will be available through June 3, 2010. To access the replay dial 888-286-8010; International 617-801-6888 and reference the passcode: 84036907. A webcast of the conference call will be available in the Investors section of Avago's website at www.avagotech.com.

Non-GAAP Financial Measures

In addition to GAAP reporting, Avago reports net income or loss, as well as gross margin and operating expenses, on a non-GAAP basis. This non-GAAP information excludes amortization of acquisition-related intangibles, share-based compensation expense, asset impairment charges, restructuring charges, acquired in-process research and development, debt extinguishment (gains) losses, selling shareholder expenses, and the results of discontinued operations. In addition, Avago also discloses Adjusted EBITDA as measured by the indenture governing our outstanding debt securities. Avago believes this non-GAAP earnings information provides additional insight into the Company's on-going performance and has therefore chosen to provide this information to investors for a more consistent basis of comparison and to emphasize the results of on-going operations. These historical non-GAAP measures are in addition to, and not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A reconciliation between GAAP and non-GAAP financial data and a derivation of Adjusted EBITDA are included in the supplemental financial data attached to this press release.

About Avago Technologies Limited

Avago Technologies Limited is a leading designer, developer and global supplier of a broad range of analog semiconductor devices with a focus on III-V based products. Our product portfolio is extensive and includes approximately 7,000 products in four primary target markets: wireless communications, wired infrastructure, industrial and automotive electronics and consumer and computing peripherals.

Cautionary Note Regarding Forward-Looking Statements

This announcement contains forward-looking statements that address our expected future business and financial performance. 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, or enforceability of our intellectual property rights; and any statements of assumptions underlying any of the foregoing. These forward-looking statements are based on current expectations, estimates, forecasts and projections of future Company or industry performance based on management's judgment, beliefs, current trends and market conditions and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. Accordingly, we caution you not to place undue reliance on these statements. For Avago, particular uncertainties that could materially affect future results include cyclicalities in the semiconductor industry or in our target markets; the recent economic downturn and financial crisis and their impact on our business, results of operations, and financial condition; quarterly and annual fluctuations in operating results; our ability to generate cash sufficient to fund our research and development, capital expenditures and other business needs and to service our debt; 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; loss of our significant customers; our ability to maintain tax concessions in certain jurisdictions; our ability to protect our intellectual property and any associated increases in litigation expenditures; 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. Our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (the "SEC") on March 4, 2010, as amended, and other Avago filings with the SEC (which you may obtain for free at the SEC's website at <http://www.sec.gov>) discuss some of the important risk factors that may affect our business, results of operations and financial condition. We undertake no intent or obligation to publicly update or revise any of these forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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Contacts:

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

	Quarter ended			Two quarters ended	
	May 2, 2010	January 31, 2010	May 3, 2009	May 2, 2010	May 3, 2009
Net revenue	\$ 515	\$ 456	\$ 325	\$ 971	\$ 693
Costs and expenses:					
Cost of products sold:					
Cost of products sold	268	247	210	515	414
Amortization of intangible assets	14	15	14	29	29
Restructuring charges	—	—	3	—	9
Total cost of products sold	282	262	227	544	452
Gross margin	233	194	98	427	241
Research and development	70	64	59	134	121
Selling, general and administrative	48	46	42	94	82
Amortization of intangible assets	6	5	5	11	11
Restructuring charges	1	1	3	2	8
Total operating expenses	125	116	109	241	222
Income(loss) from operations	108	78	(11)	186	19
Interest expense	(8)	(11)	(20)	(19)	(38)
(Loss) gain on extinguishment of debt	—	(24)	—	(24)	1
Other income (expense), net	(1)	(1)	(2)	(2)	(4)
Income (loss) before income taxes	99	42	(33)	141	(22)
Provision for (benefit from) income taxes	9	4	(2)	13	3
Net income (loss)	<u>\$ 90</u>	<u>\$ 38</u>	<u>\$ (31)</u>	<u>\$ 128</u>	<u>\$ (25)</u>
Net income (loss) per share:					
Basic	\$0.38	\$ 0.16	\$(0.14)	\$ 0.54	\$ (0.12)
Diluted	\$0.37	\$ 0.16	\$(0.14)	\$ 0.52	\$ (0.12)
Shares used in per share calculations:					
Basic	238	236	214	237	214
Diluted	246	244	214	244	214
Share-based compensation included in:					
Cost of products sold	\$ 1	\$ —	\$ —	\$ 1	\$ —
Research and development	2	1	1	3	2
Selling, general and administrative	3	4	3	7	2
	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 11</u>	<u>\$ 4</u>

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

	Quarter ended			Two quarters ended	
	May 2, 2010	January 31, 2010	May 3, 2009	May 2, 2010	May 3, 2009
Net revenue	\$ 515	\$ 456	\$ 325	\$ 971	\$ 693
Gross margin	248	209	115	457	279
% of net revenue	48%	46%	35%	47%	40%
Research and development	\$ 68	\$ 63	\$ 58	\$ 131	\$ 119
Selling, general and administrative	\$ 45	\$ 42	\$ 39	\$ 87	\$ 80
Total operating expenses	\$ 113	\$ 105	\$ 97	\$ 218	\$ 199
% of net revenue	22%	23%	30%	22%	29%
Income from operations	\$ 135	\$ 104	\$ 18	\$ 239	\$ 80
Interest expense	\$ (8)	\$ (11)	\$ (20)	\$ (19)	\$ (38)
Net income(loss)	\$ 117	\$ 88	\$ (2)	\$ 205	\$ 35
Net income per share - diluted	\$0.47	\$ 0.36	\$(0.01)	\$ 0.83	\$ 0.16
Shares used in per share calculation - diluted(1)	249	247	214	247	218

The financial summary excludes amortization of acquisition-related intangibles, share-based compensation, restructuring charges, advisory agreement termination fee, selling shareholder expenses and (loss)gain on extinguishment of debt.

(1) The shares used in diluted per share calculation exclude the impact of share-based compensation.

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

	Quarter ended			Two quarters ended	
	May 2, 2010	January 31, 2010	May 3, 2009	May 2, 2010	May 3, 2009
Net income (loss) on GAAP basis	\$ 90	\$ 38	\$ (31)	\$ 128	\$ (25)
Amortization of acquisition-related intangibles	20	20	19	40	40
Share-based compensation expense	6	5	4	11	4
Restructuring charges	1	1	6	2	17
Loss(gain) on extinguishment of debt	—	24	—	24	(1)
Net income(loss) on Non-GAAP basis	<u>\$ 117</u>	<u>\$ 88</u>	<u>\$ (2)</u>	<u>\$ 205</u>	<u>\$ 35</u>
Gross margin on GAAP basis	\$ 233	\$ 194	\$ 98	\$ 427	\$ 241
Amortization of acquisition-related intangibles	14	15	14	29	29
Share-based compensation expense	1	—	—	1	—
Restructuring charges	—	—	3	—	9
Gross margin on Non-GAAP basis	<u>\$ 248</u>	<u>\$ 209</u>	<u>\$ 115</u>	<u>\$ 457</u>	<u>\$ 279</u>
Research and development on GAAP basis	\$ 70	\$ 64	\$ 59	\$ 134	\$ 121
Share-based compensation expense	2	1	1	3	2
Research and development on Non-GAAP basis	<u>\$ 68</u>	<u>\$ 63</u>	<u>\$ 58</u>	<u>\$ 131</u>	<u>\$ 119</u>
Selling, general and administrative on GAAP basis	\$ 48	\$ 46	\$ 42	\$ 94	\$ 82
Share-based compensation expense	3	4	3	7	2
Selling, general and administrative on Non-GAAP basis	<u>\$ 45</u>	<u>\$ 42</u>	<u>\$ 39</u>	<u>\$ 87</u>	<u>\$ 80</u>
Total operating expenses on GAAP basis	\$ 125	\$ 116	\$ 109	\$ 241	\$ 222
Amortization of acquisition-related intangibles	6	5	5	11	11
Share-based compensation expense	5	5	4	10	4
Restructuring charges	1	1	3	2	8
Total operating expenses on Non-GAAP basis	<u>\$ 113</u>	<u>\$ 105</u>	<u>\$ 97</u>	<u>\$ 218</u>	<u>\$ 199</u>
Income(loss) from operations on GAAP basis	\$ 108	\$ 78	\$ (11)	\$ 186	\$ 19
Amortization of acquisition-related intangibles	20	20	19	40	40
Share-based compensation expense	6	5	4	11	4
Restructuring charges	1	1	6	2	17
Income from operations on Non-GAAP basis	<u>\$ 135</u>	<u>\$ 104</u>	<u>\$ 18</u>	<u>\$ 239</u>	<u>\$ 80</u>

AVAGO TECHNOLOGIES FINANCE PTE. LTD
RECONCILIATION OF NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA - UNAUDITED
(IN MILLIONS)

	Quarter ended			Two quarters ended	
	May 2, 2010	January 31, 2010	May 3, 2009	May 2, 2010	May 3, 2009
Net income (loss)	\$ 90	\$ 38	\$ (31)	\$ 128	\$ (25)
Interest expense	8	11	20	19	38
Provision for (benefit from) income taxes	9	4	(2)	13	3
Depreciation and amortization expense	40	39	39	79	80
EBITDA	147	92	26	239	96
Restructuring and other unusual charges	1	1	10	2	22
Share-based compensation	6	5	4	11	4
Loss(gain) on extinguishment of debt	—	24	—	24	(1)
Adjusted EBITDA	<u>\$ 154</u>	<u>\$ 122</u>	<u>\$ 40</u>	<u>\$ 276</u>	<u>\$ 121</u>

EBITDA represents net income (loss) before interest expense, provision for income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA further adjusted to give effect to certain items that are required in calculating covenant compliance under our senior subordinated notes indenture as well as under our senior secured credit facility. Adjusted EBITDA is calculated by subtracting from or adding to EBITDA items of income or expense described above. EBITDA and Adjusted EBITDA do not represent net income, as that term is defined under GAAP, and should not be considered as an alternative to net income (loss) as an indicator of our operating performance.

Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow available for management or discretionary use as such measures do not consider certain cash requirements such as capital expenditures, tax payments and debt service requirements. EBITDA and Adjusted EBITDA as presented herein are not necessarily comparable to similarly titled measures used by other companies.

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

	May 2, 2010	November 1, 2009 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 256	\$ 472
Trade accounts receivable, net	249	186
Inventory	178	162
Other current assets	44	44
Total current assets	727	864
Property, plant and equipment, net	261	264
Goodwill	171	171
Intangible assets, net	607	647
Other long-term assets	16	24
Total assets	<u>\$1,782</u>	<u>\$ 1,970</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 169	\$ 154
Employee compensation and benefits	59	55
Accrued interest	12	25
Capital lease obligations - current	2	2
Other current liabilities	39	33
Current portion of long-term debt	—	364
Total current liabilities	281	633
Long-term liabilities:		
Long-term debt	230	230
Capital lease obligations - non-current	4	3
Other long-term liabilities	67	64
Total liabilities	582	930
Shareholders' equity:		
Ordinary shares, no par value	1,425	1,393
Accumulated deficit	(228)	(356)
Accumulated other comprehensive income	3	3
Total shareholders' equity	1,200	1,040
Total liabilities and shareholders' equity	<u>\$1,782</u>	<u>\$ 1,970</u>

(1) Amounts for the year ended November 1, 2009 have been derived from audited financial statements as of that date.

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

	Quarter ended			Two quarters ended	
	May 2, 2010	January 31, 2010	May 3, 2009	May 2, 2010	May 3, 2009
Cash flows from operating activities:					
Net income (loss)	\$ 90	\$ 38	\$ (31)	\$ 128	\$ (25)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	40	39	39	79	80
Amortization of debt issuance costs	—	1	1	1	2
Non-cash portion of restructuring charges	—	—	1	—	1
Impairment of investment	—	—	2	—	2
(Gain) loss on extinguishment of debt	—	8	—	8	(1)
Loss on disposal of property, plant and equipment	—	1	—	1	—
Share-based compensation	6	5	4	11	4
Excess tax benefits from share-based compensation	(1)	—	—	(1)	—
Changes in assets and liabilities, net of acquisitions and dispositions:					
Trade accounts receivable	(46)	(17)	1	(63)	1
Inventory	(12)	(4)	28	(16)	38
Accounts payable	2	5	1	7	(4)
Employee compensation and benefits	13	(9)	(3)	4	(34)
Other current assets and current liabilities	14	(28)	15	(14)	(9)
Other long-term assets and long-term liabilities	9	2	8	11	7
Net cash provided by operating activities	115	41	66	156	62
Cash flows from investing activities:					
Purchase of property, plant and equipment	(18)	(9)	(13)	(27)	(25)
Acquisitions and investment, net of cash acquired	(1)	—	(7)	(1)	(7)
Proceeds from disposal of property, plant, and equipment	1	—	—	1	—
Proceeds from sale of discontinued operations	—	—	2	—	2
Net cash used in investing activities	(18)	(9)	(18)	(27)	(30)
Cash flows from financing activities:					
Debt repayments	—	(364)	—	(364)	(2)
Issuance of ordinary shares, net of issuance costs	15	4	—	19	—
Repurchase of ordinary shares	—	—	(1)	—	(1)
Cash settlement of equity awards	—	—	(1)	—	(1)
Payment on capital lease obligation	(1)	—	—	(1)	—
Excess tax benefits from share-based compensation	1	—	—	1	—
Net cash (used in) provided by financing activities	15	(360)	(2)	(345)	(4)
Net (decrease) increase in cash and cash equivalents	112	(328)	46	(216)	28
Cash and cash equivalents at the beginning of period	144	472	195	472	213
Cash and cash equivalents at end of period	<u>\$ 256</u>	<u>\$ 144</u>	<u>\$ 241</u>	<u>\$ 256</u>	<u>\$ 241</u>