



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 1, 2011

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)

N/A  
(I.R.S. Employer  
Identification No.)

1 Yishun Avenue 7  
Singapore 768923  
(Address of Principal Executive Offices)

N/A  
(Zip Code)

(65) 6755-7888

(Registrant's telephone number, including area code)

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 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 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  Smaller reporting company   
(Do not check if a 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

As of June 3, 2011 there were 246,742,106 shares of our ordinary shares, no par value per share, outstanding.

**AVAGO TECHNOLOGIES LIMITED**  
**Quarterly Report on Form 10-Q**  
**For the Quarterly Period Ended May 1, 2011**

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## PART I — FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements — Unaudited

AVAGO TECHNOLOGIES LIMITED  
CONDENSED CONSOLIDATED BALANCE SHEETS — UNAUDITED  
(in millions, except share amounts)

	October 31, 2010 (1)	May 1, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 561	\$ 596
Trade accounts receivable, net	285	289
Inventory	189	194
Other current assets	52	49
Total current assets	1,087	1,128
Property, plant and equipment, net	281	285
Goodwill	172	177
Intangible assets, net	573	538
Other long-term assets	44	49
Total assets	<u>\$ 2,157</u>	<u>\$ 2,177</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 198	\$ 206
Employee compensation and benefits	82	62
Accrued interest	12	—
Capital lease obligations — current	2	2
Other current liabilities	41	26
Current portion of long-term debt	230	—
Total current liabilities	565	296
Long-term liabilities:		
Capital lease obligations — non-current	4	4
Other long-term liabilities	83	86
Total liabilities	652	386
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Ordinary shares, no par value; 239,888,231 shares and 246,186,797 shares issued and outstanding on October 31, 2010 and May 1, 2011, respectively	1,450	1,518
Retained earnings	59	276
Accumulated other comprehensive loss	(4)	(3)
Total shareholders' equity	1,505	1,791
Total liabilities and shareholders' equity	<u>\$ 2,157</u>	<u>\$ 2,177</u>

(1) Amounts as of October 31, 2010 have been derived from audited financial statements as of that date.

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

**AVAGO TECHNOLOGIES LIMITED**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS — UNAUDITED**  
**(in millions, except per share data)**

	Quarter Ended		Six Months Ended	
	May 2, 2010	May 1, 2011	May 2, 2010	May 1, 2011
Net revenue	\$ 515	\$ 560	\$ 971	\$ 1,110
Cost of products sold:				
Cost of products sold	268	271	515	536
Amortization of intangible assets	14	14	29	28
Total cost of products sold	<u>282</u>	<u>285</u>	<u>544</u>	<u>564</u>
Gross margin	233	275	427	546
Research and development	70	76	134	149
Selling, general and administrative	48	55	94	105
Amortization of intangible assets	6	5	11	11
Restructuring charges	1	1	2	1
Total operating expenses	<u>125</u>	<u>137</u>	<u>241</u>	<u>266</u>
Income from operations	108	138	186	280
Interest expense	(8)	(1)	(19)	(4)
Loss on extinguishment of debt	—	(1)	(24)	(20)
Other income (expense), net	(1)	1	(2)	1
Income before income taxes	99	137	141	257
Provision for income taxes	9	2	13	3
Net income	<u>\$ 90</u>	<u>\$ 135</u>	<u>\$ 128</u>	<u>\$ 254</u>
Net income per share:				
Basic:				
Net income per share	<u>\$ 0.38</u>	<u>\$ 0.55</u>	<u>\$ 0.54</u>	<u>\$ 1.04</u>
Diluted:				
Net income per share	<u>\$ 0.37</u>	<u>\$ 0.54</u>	<u>\$ 0.52</u>	<u>\$ 1.01</u>
Weighted average shares :				
Basic	<u>238</u>	<u>245</u>	<u>237</u>	<u>245</u>
Diluted	<u>246</u>	<u>252</u>	<u>244</u>	<u>252</u>
Dividends declared and paid per share	<u>\$ —</u>	<u>\$ 0.08</u>	<u>\$ —</u>	<u>\$ 0.15</u>

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

**AVAGO TECHNOLOGIES LIMITED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED**  
**(in millions)**

	<b>Six Months Ended</b>	
	<b>May 2, 2010</b>	<b>May 1, 2011</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 128	\$ 254
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	79	79
Amortization of debt issuance costs	1	—
Loss on extinguishment of debt	8	6
Loss on disposal of property, plant and equipment	1	1
Share-based compensation	11	16
Tax benefits from share-based compensation	—	8
Excess tax benefits from share-based compensation	(1)	(2)
Changes in assets and liabilities, net of acquisition:		
Trade accounts receivable, net	(63)	(3)
Inventory	(16)	(5)
Accounts payable	7	15
Employee compensation and benefits	4	(20)
Other current assets and current liabilities	(14)	(30)
Other long-term assets and long-term liabilities	11	(1)
<b>Net cash provided by operating activities</b>	<b>156</b>	<b>318</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(27)	(51)
Acquisition and investments, net of cash acquired	(1)	(9)
Proceeds from disposal of property, plant and equipment	1	—
<b>Net cash used in investing activities</b>	<b>(27)</b>	<b>(60)</b>
<b>Cash flows from financing activities:</b>		
Debt repayments	(364)	(230)
Payment on capital lease obligation	(1)	(2)
Issuance of ordinary shares	19	44
Excess tax benefits from share-based compensation	1	2
Dividend payments to shareholders	—	(37)
<b>Net cash used in financing activities</b>	<b>(345)</b>	<b>(223)</b>
Net increase (decrease) in cash and cash equivalents	(216)	35
Cash and cash equivalents at the beginning of period	472	561
Cash and cash equivalents at end of period	<u>\$ 256</u>	<u>\$ 596</u>

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

**AVAGO TECHNOLOGIES LIMITED**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Overview and Basis of Presentation**

**Overview**

Avago Technologies Limited, or the “Company”, 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, factory automation, displays, optical mice and printers.

References herein to “we”, “our”, “us” and “Avago” are to Avago Technologies Limited and its consolidated subsidiaries, unless otherwise specified or the context otherwise requires.

**Basis of Presentation**

*Fiscal Periods.* We operate on a 52/53-week fiscal year ending on the Sunday closest to October 31. Our first quarter of fiscal year 2011 ended on January 30, 2011, the second quarter ended on May 1, 2011, the third quarter will end on July 31, 2011 and the fourth quarter will end on October 30, 2011.

*Information.* The unaudited condensed consolidated financial statements include the accounts of Avago and all of our wholly-owned subsidiaries, and are prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. Intercompany transactions and balances have been eliminated in consolidation.

Interim information presented in the unaudited condensed consolidated financial statements has been prepared by management and, in the opinion of management, includes all adjustments of a normal recurring nature that are necessary for the fair statement of the financial position, results of operations and cash flows for the periods shown, and is in accordance with GAAP. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes for the fiscal year ended October 31, 2010, or fiscal year 2010, included in Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on December 15, 2010.

The operating results for the quarter and six months ended May 1, 2011 are not necessarily indicative of the results that may be expected for the year ending October 30, 2011, or fiscal year 2011, or for any other future period. The balance sheet data as of October 31, 2010 presented is derived from the audited financial statements as of that date.

*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.

*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. No customer accounted for 10% or more of our net accounts receivable balance at October 31, 2010 or May 1, 2011. For both the quarter and six months ended May 1, 2011, no single customer represented 10% or more of net revenue. One customer represented 10% of net revenue for both the quarter and six months ended May 2, 2010.

*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

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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.

*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.

Diluted net income per share for the quarter and six months ended May 2, 2010 and the quarter and six months May 1, 2011 excluded the potentially dilutive effect of weighted-average options, restricted share units, or RSUs, and employee share purchase plan, or ESPP, rights to purchase 4 million, 3 million, 1 million and less than 1 million ordinary shares, respectively, as their effect was antidilutive.

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

	Quarter Ended		Six Months Ended	
	May 2, 2010	May 1, 2011	May 2, 2010	May 1, 2011
<b>Net income (Numerator):</b>				
Net income	\$ 90	\$ 135	128	254
<b>Shares (Denominator):</b>				
Basic weighted average ordinary shares outstanding	238	245	237	245
Add: Incremental shares for:				
Dilutive effect of share options	8	7	7	7
Shares used in diluted computation	246	252	244	252
<b>Net income per share:</b>				
Basic:				
Net income per share	\$ 0.38	\$ 0.55	\$ 0.54	\$ 1.04
Diluted:				
Net income per share	\$ 0.37	\$ 0.54	\$ 0.52	\$ 1.01

*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 unanticipated product quality issues if a loss is probable and can be reasonably estimated.

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

Balance as of November 1, 2009 — included in other current liabilities	\$ 7
Charged to cost of products sold	11
Utilized	—
Balance as of May 2, 2010 — included in other current liabilities	\$ 18
Balance as of October 31, 2010 — included in other current liabilities	\$ 17
Adjustment to estimate — released to cost of products sold	(4)
Utilized	(2)
Balance as of May 1, 2011 — included in other current liabilities	\$ 11

During the first six months of fiscal year 2010, we recorded a warranty-related charge of \$11 million based on one specific quality issue impacting multiple customers. See Note 11. "Commitments and Contingencies" for further details.



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### *Recently Adopted Accounting Guidance*

In the first quarter of fiscal year 2011, the guidance issued by the Financial Accounting Standards Board, or FASB, on the milestone method of revenue recognition became effective. 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 considerations) within the arrangement. The guidance may be applied retrospectively to all arrangements or prospectively to milestones achieved after the effective date. The adoption of this guidance did not have a significant impact on our results of operations and financial position.

In the first quarter of fiscal year 2011, we adopted the FASB's updated guidance that 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. The adoption of this guidance did not have a significant impact on our results of operations and financial position.

In the first quarter of fiscal year 2011, we adopted the guidance the FASB issued 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. The guidance may be applied retrospectively or prospectively for new or materially modified arrangements. The adoption of this guidance did not have a significant impact on our results of operations and financial position.

In the first quarter of fiscal year 2011, we adopted the FASB 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. The guidance may be applied retrospectively or prospectively for new or materially modified arrangements. The adoption of this new guidance did not have a significant impact on our results of operations and financial position.

### *Recent Accounting Guidance Not Yet Adopted*

In May 2011, the FASB issued Accounting Standard Update No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, and the International Accounting Standards Board, or IASB, issued International Financial Reporting Standard, or IFRS, 13, Fair Value Measurement (together, the new guidance). The new guidance amends U.S. GAAP and is a new standard under IFRS. The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. While many of the amendments to U.S. GAAP are not expected to have a significant effect on practice, the new guidance changes some fair value measurement principles and disclosure requirements. The new guidance will be effective for our second quarter of fiscal year 2012, with early adoption prohibited. We are currently assessing the impact that this guidance will have 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 6. "Fair Value" 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.

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### 2. Inventory

Inventory consists of the following (in millions):

	October 31, 2010	May 1, 2011
Finished goods	\$ 61	\$ 45
Work-in-process	96	112
Raw materials	32	37
Total inventory	<u>\$ 189</u>	<u>\$ 194</u>

### 3. Acquisition

During the first quarter of fiscal year 2011, we acquired a U.S.-based company engaged in the manufacturing of integrated circuits for approximately \$8 million in cash. The purchase price was allocated to the acquired net assets based on preliminary estimates of fair values as follows: total assets of \$8 million, including intangible assets of \$4 million and goodwill of \$5 million. The intangible assets are being amortized over their useful lives ranging from 5 to 15 years. The unaudited condensed consolidated financial statements include the results of operations of the acquired business commencing as of the acquisition date. Pro forma results of operations for the acquisition have not been presented because the effects of the acquisition were not material to our prior financial statements.

### 4. Goodwill and Intangible Assets

#### Goodwill

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

Balance as of October 31, 2010	\$ 172
Goodwill acquired during the period (Note 3. "Acquisition")	5
Balance as of May 1, 2011	<u>\$ 177</u>

#### Intangible Assets

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

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
<b>As of October 31, 2010:</b>			
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>
<b>As of May 1, 2011:</b>			
Purchased technology	\$ 728	\$ (318)	\$ 410
Customer and distributor relationships	257	(131)	126
Other	4	(2)	2
Total	<u>\$ 989</u>	<u>\$ (451)</u>	<u>\$ 538</u>

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

	Quarter Ended		Six Months Ended	
	May 2, 2010	May 1, 2011	May 2, 2010	May 1, 2011
Cost of products sold	\$ 14	\$ 14	\$ 29	\$ 28
Operating expenses	6	5	11	11
Total	<u>\$ 20</u>	<u>\$ 19</u>	<u>\$ 40</u>	<u>\$ 39</u>

During the quarter ended January 30, 2011, we recorded \$4 million in intangible assets with a weighted-average amortization period of 14 years in conjunction with an acquisition. See Note 3. "Acquisition."

Based on the amount of intangible assets subject to amortization at May 1, 2011, the expected amortization expense for each of the next five fiscal years and thereafter is as follows (in millions):

Fiscal Year	Amount
2011 (remainder)	\$ 39
2012	77
2013	77
2014	77
2015	76
2016	59
Thereafter	133
	<u>\$ 538</u>

The weighted-average amortization periods remaining by intangible asset category at May 1, 2011 were as follows (in years):

Amortizable intangible assets:	
Purchased technology	8
Customer and distributor relationships	7
Other	23

## 5. Borrowings

Our borrowings as of October 31, 2010 and May 1, 2011 consist of the following (in millions):

11 <sup>7</sup> / <sub>8</sub> % Senior Subordinated Notes due 2015	<u>October 31, 2010</u>	<u>May 1, 2011</u>
	\$ 230	\$ —
	230	—
Less: Current portion of long-term debt	230	—
Long-term debt	<u>\$ —</u>	<u>\$ —</u>

## Debt Repayments

During the quarter ended January 31, 2010, we redeemed the remaining \$318 million aggregate principal amount of our 10<sup>1</sup>/<sub>8</sub>% Senior Notes due December 1, 2013, or senior fixed rate notes, and the remaining \$46 million aggregate principal amount of our Senior Floating Rate Notes due June 1, 2013, or senior floating rate notes. We redeemed the senior fixed rate notes and senior floating

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rate notes at a 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 a \$16 million premium and an \$8 million write-off of debt issuance costs and other related expenses.

During the quarter ended January 30, 2011, we redeemed the remaining \$230 million aggregate principal amount outstanding of our 11 7/8% Senior Subordinated Notes due December 1, 2015, or senior subordinated notes. We redeemed the senior subordinated notes at a 5.938% premium of the principal amount plus accrued interest, resulting in a loss on extinguishment of debt of \$19 million, which consisted of a \$14 million premium and a \$5 million write-off of debt issuance costs and other related expenses.

### **Revolving Credit Facility**

During the quarter ended May 1, 2011, we terminated our existing revolving credit facility. There were no outstanding loan borrowings under the existing revolving credit facility at the time of termination. This termination resulted in a loss on extinguishment of debt of \$1 million, related to the write-off of debt amortization costs and other related expenses.

In connection with the termination of our revolving credit facility, on March 31, 2011, Avago Technologies Finance Pte. Ltd., or, Avago Finance, and certain other subsidiaries of the Company entered into a new credit agreement with a syndicate of financial institutions. The credit agreement provides for a \$200 million unsecured, revolving credit facility. The credit agreement has a term of four years. The credit agreement includes (i) financial covenants requiring Avago Finance to maintain a maximum leverage ratio and a minimum interest coverage ratio; (ii) customary restrictive covenants (subject, in each case, to certain exceptions and amounts) that limit Avago Finance's ability to, among other things, create liens, merge or consolidate with and into other persons, and sell assets; (iii) customary events of default, upon the occurrence of which, after any applicable grace period, the lenders will have the ability to accelerate all outstanding loans thereunder and terminate the commitments; and (iv) customary representations and warranties. In addition, Avago Finance has the ability, at any time, to increase the aggregate commitments under the credit agreement from \$200 million to \$300 million subject to the condition that no default or event of default shall have occurred and be continuing and other terms and conditions set forth in the credit agreement, and the receipt of sufficient commitments for such increase from the lenders. Certain subsidiaries of the Company guarantee the revolving credit facility. The credit agreement also provides for the issuance of letters of credit of up to \$40 million in the aggregate, which reduces the available borrowing capacity under the revolving credit facility on a dollar for dollar basis. As of May 1, 2011, we had no borrowings outstanding under the new revolving credit facility and were in compliance with the financial covenants.

## **6. Fair Value**

Fair value is defined as the price that would be received upon sale of 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, bank acceptances 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. Bank acceptances are highly liquid with maturities of one hundred and eighty days or less. Due to their short-term maturities, we have determined that the fair value of time deposits and bank acceptances should be their 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 asset or liability activities during the quarter ended May 1, 2011.

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 quarter ended May 1, 2011.

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### 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 May 1, 2011. 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).

	Portion of Carrying Value Measured at Fair Value as of May 1, 2011	Fair Value Measurement as of May 1, 2011 Using Quoted Prices In Active Market For Identical Assets (Level 1)
Money Market Funds (1)	\$ 89	\$ 89
Time deposits (1)	277	277
Investment Funds — Deferred Compensation Plan Assets (2)	5	5
Bank acceptances (2)	1	1
Total assets measured at fair value	<u>\$ 372</u>	<u>\$ 372</u>

(1) Included in cash and cash equivalents in our unaudited condensed consolidated balance sheet

(2) Included in other current assets in our unaudited condensed consolidated balance sheet

During the quarter and six months ended May 1, 2011, 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 nonfinancial assets or liabilities measured at fair value as of May 1, 2011.

### Fair Value of Other Financial Instruments

The following table presents the carrying amounts and fair values of financial instruments as of October 31, 2010 and May 1, 2011 (in millions):

	October 31, 2010		May 1, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed rate debt	\$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 debt is based on quoted market rates.

## 7. Shareholders' Equity

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 and 25,000,000 shares were sold to the public at a price of \$25.35 per share including a \$0.35 per share discount to the underwriters. We did not receive any proceeds from the sale of shares sold in the December Offering other than proceeds from options exercised by a shareholder in connection with the sale of shares by the shareholder in the December Offering.

We filed a prospectus supplement, dated January 18, 2011, 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 January Offering. This transaction closed on January 21, 2011 and 25,000,000 shares were sold to the public at a price per share of \$27.75 including a \$0.50 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 a shareholder in connection with the sale of shares by the shareholder in the January Offering.

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We filed a prospectus supplement, dated February 28, 2011, 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 February Offering. This transaction closed on March 4, 2011 and 25,000,000 shares were sold to the public at a price per share of \$32.50 including a \$0.55 per share discount to the underwriters. We did not receive any proceeds from the sale of shares sold in the February Offering.

### **Dividends**

We paid a cash dividend of \$0.08 per share, or \$20 million in total in the second fiscal quarter and have paid aggregate dividends of \$37 million during the first six months of fiscal year 2011.

### **Share-Based Compensation**

The following table summarizes share-based compensation expense related to share-based awards granted to employees, directors, and non-employees for the quarters and six months ended May 2, 2010 and May 1, 2011 (in millions):

	Quarter Ended		Six Months Ended	
	May 2, 2010	May 1, 2011	May 2, 2010	May 1, 2011
Cost of products sold	\$ 1	\$ 1	\$ 1	\$ 2
Research and development	2	3	3	6
Selling, general and administrative	3	5	7	8
Total share-based compensation expense	<u>\$ 6</u>	<u>\$ 9</u>	<u>\$ 11</u>	<u>\$ 16</u>

The weighted-average assumptions utilized for our Black-Scholes valuation model for options and ESPP rights granted during the quarters and six months ended May 2, 2010 and May 1, 2011 are as follows:

	Options Quarter Ended		Options Six Months Ended		ESPP Quarter Ended		ESPP Six Months Ended	
	May 2, 2010	May 1, 2011	May 2, 2010	May 1, 2011	May 1, 2011	May 1, 2011		
Risk-free interest rate	2.6%	2.2%	2.6%	2.2%	0.2%	0.2%		
Dividend yield	0%	0.86%	0%	0.85%	0.43%	0.21%		
Volatility	44.0%	44.0%	45.0%	44.0%	40.0%	41.0%		
Expected term (in years)	5.0	5.0	5.0	5.0	0.5	0.5		

The dividend yield of zero, for the quarter and six months ended May 2, 2010 is based on the fact that we did not intend to pay cash dividends as of the respective option grant dates during those periods. The dividend yield for the quarter and six months ended May 1, 2011 is based on the dividend yield 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. Our computation of expected term was based on data, such as the data of peer companies and company-specific attributes that we believe could affect employees' exercise behavior.

Based on the above assumptions, the weighted-average fair values of the options granted under the share option plans for the quarters ended May 2, 2010 and May 1, 2011 were \$7.97 and \$12.30, respectively, and \$7.60 and \$12.21 for the six months ended May 2, 2010 and May 1, 2011. The weighted-average fair values of the rights to purchase shares in the ESPP for the quarter and six months ended May 1, 2011 were \$7.86 and \$7.03, respectively. RSUs were first granted in the fourth quarter of fiscal year 2010. The weighted-average fair value of RSUs granted under the 2009 Equity Incentive Award Plan for the quarter and six months ended May 1, 2011 was \$32.39.

Total compensation cost related to unvested options as of May 1, 2011 was \$108 million, which is expected to be recognized over the remaining weighted-average service period of 3 years. Total unrecognized compensation cost related to the ESPP as of May 1, 2011 was \$1 million, which is expected to be recognized over the remaining 4 months of the current offering period under the ESPP. Total compensation cost related to unvested RSUs as of May 1, 2011 was \$14 million, which is expected to be recognized over the remaining weighted-average service period of 4 years.

[Table of Contents](#)**Share Option Plans**

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

	<b>Awards Outstanding</b>				<b>Aggregate Intrinsic Value</b>
	<b>Awards Available for Grant</b>	<b>Number Outstanding</b>	<b>Weighted-Average Exercise Price Per Share</b>	<b>Weighted-Average Remaining Contractual Life (in years)</b>	
Balance as of October 31, 2010	14	23	\$11.50	7.41	\$307
Granted	(4)	4	\$32.11		
Exercised	—	(6)	\$ 6.61		
Balance as of May 1, 2011	<u>10</u>	<u>21</u>	\$16.24	7.38	\$354
Vested as of May 1, 2011		5	\$ 9.09	6.19	\$126
Vested and expected to vest as of May 1, 2011		19	\$15.68	17.78	\$334

The following table summarizes the ranges of outstanding and exercisable option awards as of May 1, 2011 (in millions, except years and per share amounts):

<b>Exercise Prices</b>	<b>Awards Outstanding</b>			<b>Awards Exercisable</b>	
	<b>Number Outstanding</b>	<b>Weighted-Average Remaining Contractual Life (in years)</b>	<b>Weighted-Average Exercise Price Per Share</b>	<b>Number Exercisable</b>	<b>Weighted-Average Exercise Price Per Share</b>
\$0.00-5.00	3	4.72	\$ 4.97	2	\$ 4.96
5.01-10.00	2	7.60	\$ 9.13	1	\$ 9.00
10.01-15.00	7	7.06	\$11.82	2	\$11.00
15.01-20.00	2	8.60	\$17.60	—	\$17.77
20.01-25.00	4	9.25	\$20.53	—	\$20.48
25.01-30.00	—	9.69	\$28.52	—	\$ —
30.01-35.00	3	6.87	\$32.38	—	\$ —
Total	<u>21</u>	7.38	\$16.24	<u>5</u>	\$ 9.09

As of May 1, 2011, we had 0.5 million RSUs outstanding, which are not included in the above summaries.

**Employee Share Purchase Plan**

The ESPP currently has 8 million shares authorized to be issued. The ESPP consists of successive six-month offering periods and permits eligible employees to purchase ordinary shares through payroll deductions, at the end of each offering period, at a price equal to the lesser of 85% of the fair market value of the ordinary shares at either the beginning or ending of the relevant offering period. Under the ESPP, employees purchased 0.2 million shares for aggregate consideration of \$3 million in the second quarter of fiscal year 2011. The next purchase date under the ESPP is scheduled to occur in the fourth quarter of fiscal year 2011. As at May 1, 2011, 7.8 million shares remained available for issuance under the ESPP.

**8. Income Taxes**

For the quarter ended May 1, 2011, we recorded an income tax provision of \$2 million compared to \$9 million for the quarter ended May 2, 2010. For the six months ended May 1, 2011 we recorded an income tax provision of \$3 million compared to \$13 million for the six months ended May 2, 2010. 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

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jurisdiction. The tax provision for the six months ended May 1, 2011 included the recognition of a tax benefit as a result of U.S. legislation enacted in the first quarter of fiscal year 2011 retroactively reinstating the research and development tax credit.

### **9. 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.

### **10. Related Party Transactions**

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

As of May 1, 2011, KKR and Silver Lake together, the Sponsors, indirectly owned approximately 20.3% of our shares. Prior to March 18, 2011, KKR, Silver Lake, held our shares indirectly through their ownership of Bali Investments S.à.r.l, or Bali. On March 18, 2011, in connection with the liquidation of Bali, Bali distributed our ordinary shares held by it to its shareholders, including KKR and Silver Lake.

#### *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. In connection with our initial public offering in August 2009, and secondary public offerings of our shares in January 2010 and August 2010, Capstone exercised and sold an aggregate of 222,949 option shares, in respect of which we received aggregate option exercise proceeds of \$1 million. During the first half of fiscal year 2011, Capstone exercised and sold an aggregate of 169,103 option shares in secondary public offerings of our shares in December 2010 and January 2011, in respect of which we received aggregate option exercise proceeds of \$1 million. Capstone exercised this option with respect to the remaining 307,948 shares on February 2, 2011, as a result of which we received aggregate options exercise proceeds of \$2 million.

#### *Bali Investments S.à.r.l, Seletar Investments Pte. Ltd. and Geyser Investment Pte. Ltd.*

In connection with a secondary offering in January 2010, selling shareholders Bali Investments S.à.r.l, Geyser Investments Pte. Ltd. and Seletar Investment Pte. Ltd. agreed to reimburse the Company for certain expenses of that offering that amounted to less than \$1 million.

#### *Flextronics*

Mr. James A. Davidson, a director of the Company until March 9, 2011, also serves as a director of Flextronics International Ltd., or Flextronics. In the ordinary course of business, on an arm's length basis, we sell certain of our products to Flextronics.

#### *Hewlett-Packard Company*

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

#### *PMC Sierra, Inc.*

Mr. James Diller, a director of the Company and the chairman of its 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, on an arm's length basis, we sell certain of our products to PMC Sierra.



[Table of Contents](#)*Unisteel Technology Limited*

Funds affiliated with KKR own substantially all the outstanding shares of Unisteel Technology Limited or Unisteel. We purchase certain materials from Unisteel, in the ordinary course of business on an arm's length basis.

*WIN Semiconductor Corp.*

Mr. John Min-Chih Hsuan, who became a director of the Company on February 14, 2011, is also a director of WIN Semiconductor Corp., one of our third-party contract manufacturers with whom we do business in the ordinary course, on an arms' length basis.

*Wistron Corporation*

Mr. John Min-Chih Hsuan, a director of the Company, is also a director of Wistron Corporation, one of our customers. In the ordinary course of business, on an arms' length basis, we sell certain of our products to Wistron Corporation.

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

	Quarter Ended		Six Months Ended	
	May 2, 2010	May 1, 2011	May 2, 2010	May 1, 2011
<b>Net revenue:</b>				
Flextronics <sup>2</sup>	\$24	\$40	\$59	\$68
Hewlett-Packard Company <sup>1</sup>	6	—	12	—
Wistron Corporation <sup>3</sup>	—	1	—	1
<b>Operating expenses:</b>				
Hewlett-Packard Company <sup>1</sup>	\$ 4	—	\$ 6	—
Capstone (Share-based compensation)	—*	—	—*	—
Unisteel Technology Limited	—*	—*	—*	—*
WIN Semiconductor Corp. <sup>4</sup>	—	20	—	20
<b>Receivables:</b>				
Flextronics <sup>2</sup>			\$13	\$21
Seletar Investments Pte. Ltd.			—*	—
Wistron Corporation <sup>3</sup>			—	1
<b>Payables:</b>				
KKR			\$—*	\$—
Silver Lake			—*	—
Unisteel Technology Limited			—*	—*
WIN Semiconductor Corp. <sup>4</sup>			—	9

\* Represents amounts less than \$0.5 million.

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- 1 Amounts represent net revenue and operating expense transactions with Hewlett-Packard through the quarter ended May 2, 2010. Hewlett-Packard ceased to be a related party after the second quarter of fiscal year 2010.
- 2 Amounts represent net revenue transactions with Flextronics through the quarter and six months ended May 1, 2011 and accounts receivable balance as of May 1, 2011. Flextronics ceased to be a related party after the second quarter of fiscal year 2011.
- 3 Amounts represent net revenue transactions with Wistron Corporation for the quarter ended May 1, 2011 and accounts receivable balance as of May 1, 2011. Wistron Corporation became a related party during second quarter of fiscal year 2011.
- 4 Amounts represent operating expense transactions with WIN Semiconductor Corp. for the quarter ended May 1, 2011 and accounts payable balance as of May 1, 2011. WIN Semiconductor Corp. became a related party during second quarter of fiscal year 2011.

## 11. Commitments and Contingencies

### Commitments

*Purchase Commitments.* We have unconditional purchase obligations which 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.

*Debt.* Estimated future interest expense payments related to our revolving credit facility include payments on our commitment fees. See Note 5. "Borrowings."

The following table sets forth changes in our commitments as of May 1, 2011 for the fiscal periods noted (in millions).

	<u>Total</u>	<u>2011 (remainder)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Thereafter</u>
Debt	\$ 3	—	\$ 1	\$ 1	\$ 1	\$—	\$—	\$—
Purchase commitments	54	54	—	—	—	—	—	—

There were no other substantial changes to our contractual commitments during the first half of fiscal year 2011 from those disclosed in our Annual Report on Form 10-K for fiscal year 2010.

### 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., or TriQuint, 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 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 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., or PixArt, 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

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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, or ST Microelectronics, 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. On January 4, 2011, we filed a motion to dismiss ST Microelectronics' claims relating to anticompetitive actions by us and on April 11, 2011, the court ordered a stay of this matter pending resolution of the patent litigation in the Eastern District of Texas. 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.

We have not yet been able to determine whether that an unfavorable outcome is probable or reasonably possible and have not been able to reasonably estimate the amount or range of any possible loss. As a result, no amounts have been accrued or disclosed in the accompanying unaudited condensed consolidated financial statements with respect to these legal proceedings.

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 the second quarter of 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 the fourth quarter of 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 the consolidated 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 and also during 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. During the first half of fiscal year 2011, we reached additional final settlement agreements with certain customers, made \$1 million of cash settlement payments and shipped \$1 million of replacement parts in connection with these agreements, resulting in a \$2 million decrease in the warranty accrual for this product quality issue during the period. In addition, following these additional settlements, we reassessed our overall exposure relating to this product quality issue based on the estimates of unknown and known claims, including our estimate of any remaining replacement parts exposure, and reduced the warranty accrual we previously recorded by \$4 million. 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

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resolution of this matter with remaining customers. However, 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 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 have acquired responsibility for indemnifications related to assigned intellectual property agreements. Additionally, when we completed the acquisition of SPG from Agilent 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 and no amount has been accrued in the accompanying condensed consolidated financial statements with respect to these indemnification obligations.

### ***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.

## **12. Subsequent Events**

We filed a prospectus supplement, dated May 31, 2011, 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 May Offering. This transaction closed on June 3, 2011. We did not receive any proceeds from the sale of shares sold in the May Offering.

On June 8, 2011, the Board of Directors of Avago Technologies Limited, or the Board of Directors, declared an interim cash dividend on the Company's ordinary shares of \$0.09 per share, payable on June 30, 2011 to shareholders of record at the close of business (5:00 p.m.), Eastern Time, on June 17, 2011.

On June 8, 2011, our Board of Directors authorized the repurchase of up to 15 million of the Company's outstanding ordinary shares, not to exceed \$500 million of its ordinary shares, in the aggregate, pursuant to the shareholder approval of the Company's 2011 share purchase mandate received at the Company's 2011 Annual General Meeting on March 30, 2011, or the 2011 Share Purchase Mandate. Pursuant to the 2011 Share Purchase Mandate, the Company, upon authorization of the Board of Directors, is authorized to repurchase approximately 24.6 million ordinary shares (representing 10% of the outstanding shares on the date of the 2011 Annual General Meeting), in open market transactions or pursuant to equal access schemes, prior to the date on which the 2012 Annual General Meeting of the Company is held or is required by law to be held. The Company may not repurchase more than 15 million of ordinary shares, or more than \$500 million of the Company's ordinary shares, without further action by the Board of Directors. Share repurchases, if any, will be made in the open market at such times and in such amounts as the Company deems appropriate. The timing and actual number of shares repurchased will depend on a variety of factors including price, market conditions and applicable legal requirements. The share repurchase program does not obligate the Company to repurchase any specific number of shares and may be suspended or terminated at any time without prior notice.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto and management’s discussion and analysis of financial condition and results of operations for the fiscal year ended October 31, 2010, or fiscal year 2010, included in our Annual Report on Form 10-K for fiscal year 2010, or 2010 Annual Report on Form 10-K. References to “Avago” “we”, “our” and “us” are to Avago Technologies Limited and its consolidated subsidiaries, unless otherwise specified or the context otherwise requires. This Quarterly Report on Form 10-Q may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, which are made under the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. 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 and growth rates, 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 future Avago 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. Important factors that could cause actual results to differ materially from our expectations are disclosed under “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q, and in other documents we file from time to time with the Securities and Exchange Commission, or SEC. 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.*

### **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. III-V semiconductor materials have higher electrical conductivity and thus tend to have better performance characteristics in radio frequency, or RF, and optoelectronic applications than silicon. We differentiate ourselves through our high performance design and integration capabilities. We serve 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, factory automation, displays, optical mice and printers.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles in the United States, or 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, accounting for income taxes and share-based compensation.

There have been no significant changes in our critical accounting policies during the quarter and six months ended May 1, 2011 compared to those previously disclosed in “Critical Accounting Policies and Estimates” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2010 Annual Report on Form 10-K.

[Table of Contents](#)**Results from Operations****Quarter and Six Months Ended May 1, 2011 Compared to Quarter and Six Months Ended May 2, 2010**

The following tables set forth our results of operations for the quarters and six months ended May 1, 2011 and May 2, 2010.

	Quarter Ended			
	May 2, 2010	May 1, 2011	May 2, 2010	May 1, 2011
	(In millions)		(As a percentage of net revenue)	
<b>Statement of Operations Data:</b>				
Net revenue	\$ 515	\$ 560	100%	100%
Cost of products sold:				
Cost of products sold	268	271	52	48
Amortization of intangible assets	14	14	3	3
Total cost of products sold	282	285	55	51
Gross margin	233	275	45	49
Research and development	70	76	14	14
Selling, general and administrative	48	55	9	10
Amortization of intangible assets	6	5	1	1
Restructuring charges	1	1	—	—
Total operating expenses	125	137	24	25
Income from operations	108	138	21	24
Interest expense	(8)	(1)	(2)	—
Loss on extinguishment of debt	—	(1)	—	—
Other income (expense), net	(1)	1	—	—
Income before income taxes	99	137	19	24
Provision for income taxes	9	2	2	—
Net income	\$ 90	\$ 135	17%	24%

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	Six Months Ended			
	May 2, 2010	May 1, 2011	May 2, 2010	May 1, 2011
	(In millions)		(As a percentage of net revenue)	
<b>Statement of Operations Data:</b>				
Net revenue	\$ 971	\$ 1,110	100%	100%
Costs and expenses:				
Cost of products sold:				
Cost of products sold	515	536	53	48
Amortization of intangible assets	29	28	3	3
Total cost of products sold	544	564	56	51
Gross margin	427	546	44	49
Research and development	134	149	14	13
Selling, general and administrative	94	105	10	10
Amortization of intangible assets	11	11	1	1
Restructuring charges	2	1	—	—
Total operating expenses	241	266	25	24
Income from operations	186	280	19	25
Interest expense	(19)	(4)	(2)	—
Loss on extinguishment of debt	(24)	(20)	(2)	(2)
Other income (expense), net	(2)	1	—	—
Income before income taxes	141	257	15	23
Provision for income taxes	13	3	2	—
Net income	\$ 128	\$ 254	13%	23%

*Net revenue.* Net revenue was \$560 million for the quarter ended May 1, 2011, compared to \$515 million for the quarter ended May 2, 2010, an increase of \$45 million or 9%. Net revenue was \$1,110 million for the six months ended May 1, 2011, compared to \$971 million for the six months ended May 2, 2010, an increase of \$139 million or 14%. Net revenue increased primarily due to strength in the industrial and automotive electronics and wired infrastructure target markets in the quarter and six months ended May 1, 2011. The increase in net revenue was also due to significantly improved general economic conditions in the quarter and six months ended May 1, 2011, compared to the corresponding periods in 2010, as well as, we believe, gains in market share in our three largest target markets.

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Our three largest target markets, by revenue, are wireless communications, industrial and automotive electronics and wired infrastructure, with computer and consumer computing peripherals typically representing a much smaller percentage of our overall net revenues. The percentage of total net revenue generated by sales into each of our target market varies from quarter to quarter, due largely to fluctuations in end-market demand, including the effects of seasonality. The first fiscal quarter is typically our lowest revenue and cash generating quarter due, in part, to holiday shut downs at many original equipment manufacturer, or OEM, customers and distributors, and the first half of the fiscal year tends to generate lower revenues than the second half. We saw a return to this typical seasonality during the first half of fiscal year 2011. During the second quarter of fiscal year 2011, a devastating earthquake and subsequent tsunami struck Japan, a critical area for manufacturing many components important for the semiconductor supply chain. These events did not have a significant effect on our own business in the second fiscal quarter. However, we believe these events may cause semiconductor suppliers, manufacturers and customers to reevaluate many of the supply chain flows that are critical to their businesses, which may affect our business in the future.

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

% of net revenue	Quarter Ended			Six Month Ended		
	May 2, 2010	May 1, 2011	Change	May 2, 2010	May 1, 2011	Change
Wireless communications	38%	36%	(2)%	38%	37%	(1)%
Industrial and automotive electronics	29	30	1	27	30	3
Wired infrastructure	24	29	5	25	28	3
Consumer and computing peripherals	9	5	(4)	10	5	(5)
Total net revenue	<u>100%</u>	<u>100%</u>		<u>100%</u>	<u>100%</u>	

Net revenue (in millions)	Quarter Ended			Six Month Ended		
	May 2, 2010	May 1, 2011	Change	May 2, 2010	May 1, 2011	Change
Wireless communications	\$ 197	\$ 203	\$ 6	\$ 369	\$ 405	\$ 36
Industrial and automotive electronics	147	167	20	264	333	69
Wired infrastructure	123	160	37	244	313	69
Consumer and computing peripherals	48	30	(18)	94	59	(35)
Total net revenue	<u>\$ 515</u>	<u>\$ 560</u>	<u>\$ 45</u>	<u>\$ 971</u>	<u>\$ 1,110</u>	<u>\$ 139</u>

Net revenue from wireless communications products increased, in absolute dollars, in both the second quarter and the first six months of the fiscal year 2011 compared with the corresponding prior year periods due to continued strength in mobile handset sales. The growth of key platforms in next-generation smart phones at leading new and existing OEM customers, which incorporate many of our proprietary products such as 3G radio frequency front-end devices drove this revenue growth. The slight decrease in net revenue as a percentage of net revenues was due, primarily, to the strength in our industrial and automotive electronics and wired infrastructure products.

Net revenue from industrial and automotive electronics products increased substantially, in absolute dollars and as a percentage of net revenue, in both the second quarter and first six months of fiscal year 2011 compared with the corresponding prior year periods. The increase was in large part due to the effects of recovery in general economic conditions. The growth in this target market was broad based, with particular strength in sales of optocouplers, industrial fiber optic transceivers and motion encoders. We also continued to benefit from increased spending on and new uses for our devices in applications such as inverters, servo machine tools, factory automation and infrastructure applications including renewable energy, smart power grid installations and transportation, in both developed economies and in emerging economies such as China.

Net revenue from wired infrastructure products increased substantially, in absolute dollars and as a percentage of net revenue, in both the second quarter and first six months of fiscal year 2011, compared with the corresponding prior year periods, as spending on enterprise networking data centers, storage systems and core routing improved. We also introduced a number of new fiber optic transceivers and designed new ASICs in the first six months of fiscal year 2011, compared with the corresponding prior year period, which also contributed to the increase in revenue. However, we believe that the growth in our fiber optics transceiver business was partially offset by a temporary weakness in our ASIC business due to inventory adjustments by some of our data networking customers in the quarter ended May 1, 2011.

Net revenue from consumer and computing peripheral products decreased, in absolute dollars and as a percentage of net revenue, in the second quarter and first six months of fiscal year 2011 compared with the corresponding periods in 2010. This reflected a decline in sales of optical sensors used in optical mice and sales of motion encoders used in applications such as optical disc drives and printers in the second quarter and first six months of fiscal year 2011. We also believe that some customers continued to work through excess optical disc drive inventory during the quarter ended May 1, 2011. Net revenue from this target market during these periods was also affected by seasonal softness in the personal computer and printer market.



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*Gross margin.* Gross margin was \$275 million for the quarter ended May 1, 2011 compared to \$233 million for the quarter ended May 2, 2010, an increase of \$42 million or 18%. As a percentage of net revenue, gross margin increased to 49% for the quarter ended May 1, 2011 from 45% for the quarter ended May 2, 2010. Gross margin was \$546 million for the six months ended May 1, 2011 compared to \$427 million for the six months ended May 2, 2010, an increase of \$119 million or 28%. As a percentage of net revenue, gross margin increased to 49% for the six months ended May 1, 2011 from 44% for the six months ended May 2, 2010. The increase in gross margin percentage was attributable to continuing improvements in product mix. During both the quarter and six months ended May 1, 2011, compared to the quarter and six months ended May 2, 2010, a higher proportion of our net revenue was from products sold into the industrial and automotive electronics target market and from sales of our proprietary products, which generally earn higher margins than our other products. During the quarter and six months ended May 1, 2011, we also released warranty accruals of \$4 million arising from our assessment of the remaining exposure for a certain product quality issue identified in the second quarter of fiscal year 2009, as discussed in Note 11 to the Unaudited Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

*Research and development.* Research and development expense was \$76 million for the quarter ended May 1, 2011, compared to \$70 million for the quarter ended May 2, 2010, an increase of \$6 million or 9%. As a percentage of net revenue, research and development expenses remained flat at 14% for the quarter ended May 1, 2011 compared to the quarter ended May 2, 2010. The increase in absolute dollars was attributable to \$3 million increase in research and development project consumables and test hardware, \$2 million increase in salary and employee benefits expense related to increase in headcount, \$2 million increase in share-based compensation expense attributable to grants of share-based awards at higher fair market values and to our Employee Share Purchase Plan, or ESPP, and \$1 million increase in depreciation expense related to capital expenditures supporting research and development efforts, partially offset by a \$1 million decrease in accrued incentive compensation expense and a \$1 million decrease in equipment repair expense, compared to the quarter ended May 2, 2010. The first six month purchase period under our ESPP began in September 2010 and ended in March 2011.

Research and development expense was \$149 million for the six months ended May 1, 2011, compared to \$134 million for the six months ended May 2, 2010, an increase of \$15 million or 11%. As a percentage of net revenue, research and development expenses decreased slightly to 13% for the six months ended May 1, 2011 from 14% for the six months ended May 2, 2010. The increase in absolute dollars was attributable to \$7 million increase in research and development project consumables and test hardware, \$4 million increase in salary and employee benefits expense related to increase in headcount, \$3 million increase in share-based compensation expense attributable to grants of share-based awards at higher fair market values and to our ESPP and \$2 million increase in depreciation expense related to capital expenditures supporting research and development efforts, partially offset by a \$2 million decrease in equipment repair expense and a \$1 million decrease in accrued incentive compensation expense, compared to the six months ended May 2, 2010.

*Selling, general and administrative.* Selling, general and administrative expense was \$55 million for the quarter ended May 1, 2011 compared to \$48 million for the quarter ended May 2, 2010, an increase of \$7 million or 15%. As a percentage of net revenue, selling, general and administrative increased slightly to 10% for the quarter ended May 1, 2011 compared to 9% for the quarter ended May 2, 2010. The increase in absolute dollars was primarily attributable to a \$3 million increase in legal expenses related to offensive litigation matters initiated in fiscal year 2010, \$3 million increase in salary expense related to increase in headcount and \$2 million increase in share-based compensation expense attributable to grants of share-based awards at higher fair market values and to our ESPP, partially offset by a \$1 million decrease in accrued incentive compensation expense, compared to the quarter ended May 2, 2010.

Selling, general and administrative expense was \$105 million for the six months ended May 1, 2011 compared to \$94 million for the six months ended May 2, 2010, an increase of \$11 million or 12%. As a percentage of net revenue, selling, general and administrative remained flat at 10% for the six months ended May 1, 2011 compared to the six months ended May 2, 2010. The increase in absolute dollars was primarily attributable to a \$6 million increase in salary expense related to increase in headcount, \$5 million increase in legal expenses related to offensive litigation matters initiated in fiscal year 2010 and \$2 million increase in share-based compensation expense attributable to grants of share-based awards at higher fair market values and to our ESPP, partially offset by a \$3 million reduction of incentive compensation expense related to final payments of employee bonuses for fiscal year 2010, compared to the six months ended May 2, 2010.

*Amortization of intangible assets.* Total amortization of intangible assets incurred was \$19 million and \$20 million for the quarters ended May 1, 2011 and May 2, 2010, respectively. Total amortization of intangible assets incurred was \$39 million and \$40 million for the six months ended May 1, 2011 and May 2, 2010, respectively.

*Restructuring charges.* We incurred \$1 million of restructuring charges in each of the quarter and six months ended May 1, 2011, compared to restructuring charges of \$1 million and \$2 million for the quarter and six months ended May 2, 2010, respectively.

*Interest expense.* Interest expense was \$1 million for the quarter ended May 1, 2011, compared to \$8 million for the quarter ended May 2, 2010, which represents a decrease of \$7 million or 88%. Interest expense was \$4 million for the six months ended May 1, 2011, compared to \$19 million for the six months ended May 2, 2010, which represents a decrease of \$15 million or 79%. The

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decrease was primarily due to the redemption of the remaining \$230 million aggregate principal amount of our outstanding senior subordinated notes in the quarter ended January 30, 2011.

*Loss on extinguishment of debt.* During the six months ended May 1, 2011, we redeemed \$230 million aggregate principal amount of our senior subordinated notes. The redemption of the senior subordinated notes resulted in a loss on extinguishment of debt of \$19 million. During the quarter ended May 1, 2011, we replaced our existing revolving credit facility with a new revolving credit facility. This resulted in a loss on extinguishment of debt of \$1 million, primarily related to the write-off of debt amortization costs. During the six months ended May 2, 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 resulted in a loss on extinguishment of debt of \$24 million during the six months ended May 2, 2010. See Note 5 to the Unaudited Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

*Other income (expense), net.* Other income (expense), net includes interest income, currency gains (losses) on balance sheet remeasurement and other miscellaneous items. Other income, net was \$1 million each for the quarter and six months ended May 1, 2011, respectively, compared to other expense, net of \$1 million and \$2 million for the quarter and six months ended May 2, 2010, respectively.

*Provision for income taxes.* We recorded income tax expense of \$2 million and \$3 million for the quarter and six months ended May 1, 2011, compared to \$9 million and \$13 million for the quarter and six months ended May 2, 2010, respectively. 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. The tax provision for the six months ended May 1, 2011 included the recognition of a tax benefit as a result of U.S. legislation enacted in the first quarter of fiscal year 2011 retroactively reinstating the research and development tax credit in the United States for 2011.

### **Backlog**

Our sales are generally made pursuant to short-term purchase orders. These purchase orders are made without deposits and may be 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.

### **Liquidity and Capital Resources**

Our primary sources of liquidity as at May 1, 2011, consisted of: (1) approximately \$596 million in cash and cash equivalents, (2) cash we expect to generate from operations and (3) our new \$200 million revolving credit facility, which is committed until March 31, 2015, all of which is available to be drawn.

Our short-term and long-term liquidity requirements primarily arise from: (i) working capital requirements and (ii) research and development and capital expenditure needs, including acquisitions from time to time. Our ability to fund these requirements will depend on our future cash flows, which are determined by future operating performance and are, therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control.

Our ability to service any indebtedness we may incur, under our revolving credit facility, or otherwise, will also depend on our ability to generate cash in the future. If we do not retain a sufficient amount of cash to fund our operations or finance growth opportunities, including acquisitions, or unanticipated capital expenditures, our financial condition and our business could suffer. 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.

In December 2010, we paid our first interim cash dividend of \$0.07 per share, or approximately \$17 million in total. In March 2011, we paid an interim cash dividend of \$0.08 per share, or approximately \$20 million in total and on June 8, 2011, our board of

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directors declared an interim cash dividend of \$0.09 per ordinary share, payable on June 30, 2011 to shareholders of record at the close of business (5:00 p.m.), Eastern Time, on June 17, 2011.

On March 31, 2011, Avago Technologies Finance Pte. Ltd, or Avago Finance, and certain other subsidiaries of the Company entered into a credit agreement that provides for a \$200 million unsecured, senior revolving credit facility, and for the issuance of letters of credit of up to \$40 million in the aggregate, which reduce the available borrowing capacity under the revolving credit facility on a dollar for dollar basis. Certain subsidiaries of the Company guarantee the revolving credit facility. The credit agreement has a term of four years. The credit agreement includes (i) financial covenants requiring Avago Finance to maintain a maximum leverage ratio and a minimum interest coverage ratio; (ii) customary restrictive covenants (subject, in each case, to certain exceptions and amounts) that limit Avago Finance's ability to, among other things, create liens, merge or consolidate with and into other persons, and sell assets; (iii) customary events of default, upon the occurrence of which, after any applicable grace period, the lenders will have the ability to accelerate all outstanding loans thereunder and terminate the commitments; and (iv) customary representations and warranties. In addition, Avago Finance has the ability, at any time, to increase the aggregate commitments under the credit agreement from \$200 million to \$300 million subject to the condition that no default or event of default shall have occurred and be continuing and other terms and conditions set forth in the credit agreement, and the receipt of sufficient commitments for such increase from the lenders. Avago Finance has agreed to pay the lenders a commitment fee at a rate per annum that varies based on the credit rating of Avago Finance's long-term unsecured debt or Avago Finance's corporate credit rating, as applicable, referred to as the Public Debt Rating. Interest rates on outstanding borrowings under the credit agreement will also vary based on Avago Finance's Public Debt Rating. Any downgrades in such credit ratings would adversely affect the cost of maintaining, and borrowing under, the revolving credit facility.

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 our Fort Collins, Colorado 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. As of May 1, 2011, we were in compliance with the covenants under our credit agreement, and based on current outlook, we expect to be in compliance with such covenants over the next 12 months.

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

	Six Months Ended	
	May 2, 2010	May 1, 2011
Net cash provided by operating activities	\$ 156	\$ 318
Net cash used in investing activities	(27)	(60)
Net cash used in financing activities	(345)	(223)
Net increase (decrease) in cash and cash equivalents	\$ (216)	\$ 35

### ***Cash Flows for the Six Months Ended May 1, 2011 and May 2, 2010***

#### ***Operating Activities***

Net cash provided by operating activities during the six months ended May 1, 2011 was \$318 million. The net cash provided by operating activities was principally due to net income of \$254 million and non-cash charges of \$108 million, partially offset by changes in operating assets and liabilities of \$44 million. The non-cash charges of \$108 million included \$79 million for depreciation and amortization, \$16 million of share-based compensation, \$8 million in tax benefits from share-based compensation and \$6 million of debt issuance costs written off in connection with our debt redemption. Net income was also reduced by \$14 million for the premium paid on our debt redemption which is included in the \$19 million loss on extinguishment of debt in the unaudited condensed consolidated statement of operations.

Accounts receivable increased to \$289 million at the end of the second quarter of fiscal year 2011 from \$285 million at the end of fiscal year 2010. The number of days sales outstanding increased to 47 days at May 1, 2011 from 45 days at October 31, 2010 due to linearity of revenue. We use the current quarter revenue and accounts receivable at quarter end in our calculation of number of days sales outstanding.

Inventory increased to \$194 million at May 1, 2011 from \$189 million at the end of fiscal year 2010. The number of days of inventory on hand increased to 65 days at May 1, 2011 compared to 61 days at October 31, 2010. We use the current quarter cost of products sold and inventory at quarter end in our calculation of days on hand of inventory.

Current liabilities decreased to \$296 million at the end of the second quarter of fiscal year 2011 from \$565 million at the end of fiscal year 2010, mainly due to the redemption of \$230 million of long-term debt that was classified as current at October 31, 2010 (as

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it had been irrevocably called for redemption before the fiscal year end) and decreases in employee compensation and benefits accruals and accrued interest, offset by an increase in accounts payable. Employee compensation and benefits decreased to \$62 million from \$82 million at fiscal year 2010 mainly due to payments made under our employee bonus plan in respect of fiscal year 2010 performance. Accrued interest decreased to less than \$1 million from fiscal year 2010 mainly due to the debt redemption and semi-annual interest payments made during the first half of fiscal year 2011. Accounts payable increased to \$206 million from \$198 million at the end of fiscal year 2010 mainly due to timing of disbursements.

Net cash provided by operating activities during the six months ended May 2, 2010 was \$156 million. The net cash provided by operating activities was principally due to net income of \$128 million and non-cash charges of \$99 million, offset by changes in operating assets and liabilities of \$71 million. The non-cash charges of \$99 million included \$79 million for depreciation and amortization, \$8 million of debt issuance costs written off in connection with our debt redemption and \$11 million of share-based compensation. Net income was also reduced by \$16 million for the premium paid on our debt redemption which is included in the \$24 million loss on extinguishment of debt in the unaudited condensed consolidated statement of operations.

Accounts receivable at the end of the second quarter of fiscal year 2010 increased by \$63 million, or 34%, from the amount at the end of fiscal year 2009. The number of days sales outstanding increased to 44 days at May 2, 2010 from 40 days at November 1, 2009 due to linearity of revenue. We use the current quarter revenue and accounts receivable at quarter end in our calculation of number of days sales outstanding.

Inventory increased to \$178 million at May 2, 2010 from \$162 million at the end of fiscal year 2009. The number of days of inventory on hand slightly decreased from 62 days at November 1, 2009 to 60 days at May 2, 2010. We use the current quarter cost of products sold and inventory at quarter end in our calculation of days on hand of inventory.

Current liabilities decreased from \$633 million at the end of fiscal year 2009 to \$281 million at the end of the second quarter of fiscal year 2010 mainly due to the redemption of \$364 million of long-term debt that was classified as current at November 1, 2009 (as it had been irrevocably called for redemption before the fiscal year end) and decreases in accrued interest. This decrease was offset by an increase in accounts payable. Accrued interest decreased \$13 million or 52% from fiscal year 2009 mainly due to the debt redemption and semi-annual interest payments made during the first quarter of fiscal year 2010. Accounts payable increased by \$15 million or 10% from the end of fiscal year 2009 mainly due to timing of disbursements.

### Investing Activities

Net cash used in investing activities for the six months ended May 1, 2011 was \$60 million, primarily due to purchases of property, plant and equipment of \$51 million, in connection with the expansion of our manufacturing facilities in Fort Collins, Colorado, and in Singapore and \$8 million related to a business acquisition completed in the first six months of fiscal year 2011.

Net cash used in investing activities for the six months ended May 2, 2010 was \$27 million, due to purchases of property, plant and equipment.

### Financing Activities

Net cash used in financing activities for the six months ended May 1, 2011 was \$223 million. The net cash used in financing activities was principally due to the redemption of the remaining \$230 million in principal amount of senior subordinated notes and \$37 million in payments of cash dividends to shareholders, partially offset by \$44 million provided by the issuance of ordinary shares upon the exercise of options and purchases under our ESPP.

Net cash used in financing activities for the six months ended May 2, 2010 was \$345 million. The net cash used in financing activities was principally from 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 \$19 million provided by the issuance of ordinary shares upon the exercise of options.

### **Indebtedness**

As of May 1, 2011, we had \$6 million of capital lease obligations. At such date, we had an additional \$200 million of borrowing capacity available under our revolving credit facility.

### **Contractual Commitments**

See Note 11 to the Unaudited Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

There were no other substantial changes to our contractual commitments during the first six months of fiscal year 2011 from those disclosed in our 2010 Annual Report on Form 10-K.

## **Off-Balance Sheet Arrangements**

We had no material off-balance sheet arrangements at May 1, 2011 as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

## **Indemnifications**

See Note 11 to the Unaudited Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

## **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 unaudited consolidated condensed financial statements, see Note 1 to the Unaudited Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in market risk from the information presented in Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk," in our 2010 Annual Report on Form 10-K other than those noted below.

### *Foreign Currency Derivative Instruments*

Gains from foreign currency transactions, as well as derivative instruments, were included in our unaudited consolidated statements of operations in the amounts of less than \$1 million each, for the quarter and six months ended May 1, 2011, respectively, compared to losses of \$2 million and \$3 million, for the quarter and six months ended May 2, 2010, respectively.

## **Item 4. Controls and Procedures**

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, evaluated the effectiveness of our disclosure controls and procedures as of May 1, 2011. We maintain disclosure controls and procedures that are intended to ensure that the information required to be disclosed in our Exchange Act filings is properly and timely recorded, processed, summarized and reported. These disclosure controls and procedures are also intended to ensure that information is accumulated and communicated to management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures. Based on this evaluation, our CEO and CFO concluded that, as of May 1, 2011, our disclosure controls and procedures were effective at the reasonable assurance level.

In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

(b) *Changes in Internal Controls Over Financial Reporting.* There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. 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 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 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. On January 4, 2011, we filed a motion to dismiss ST Microelectronics' claims relating to anticompetitive actions by us and on April 11, 2011, the court ordered a stay of this matter pending resolution of the patent litigation in the Eastern district of Texas. 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.

## Item 1A. Risk Factors

A description of the risk factors associated with our business is set forth below. We review and, where applicable, update our risk factors each quarter. The description set forth below supersedes the description of the risk factors previously disclosed in Part II, Item 1A of our Quarterly Report on Form 10-Q for the fiscal quarter ended January 30, 2011. These risk factors, which could materially affect our business, financial conditions or results of operations, are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also adversely affect our business, financial condition or results of operations.

### 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 and periods of inventory adjustment, 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. Furthermore, poor or worsening global economic conditions may cause 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, all of which may negatively affect our business, results of operations and financial condition. We expect our business to continue to be subject to cyclical downturns even when overall economic conditions are relatively stable.

***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;



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- 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.

***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 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 Semiconductor Corp. We also use third-party contract manufacturers for a significant majority of our assembly and test operations, including Amertron Incorporated, the Hana Microelectronics Public Company Ltd. group of companies, and SAE Magnetics (HK) Ltd. 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 we 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 or as a result of unanticipated events such as the recent major earthquakes and tsunami in Japan, manufacturing could be disrupted, we could have difficulties fulfilling our customer orders, which could result in the payment of significant damages by us to our customers, 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. As a result of the disaster in Japan, we are reviewing our supply chain and may seek to qualify second sources for some components and products. Qualifying such second sources may be a lengthy and potentially costly process.



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 manufacturers' lack of sufficient capacity, or 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 or other significant operations 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.

We are also dependent on various information technology systems, including, but not limited to, networks, applications, and outsourced services. We continually enhance and implement new systems and processes throughout our global operations. For example, we are planning to upgrade our primary enterprise resource planning, or ERP, system later this calendar year to provide for greater depth and breadth of functionality. Problems with transitioning to the upgraded system, or the failure of the upgraded system to operate effectively, could disrupt our operations and materially and adversely affect our business, financial condition, and results of operations by harming our ability to accurately forecast sales demand, manage our supply chain and production facilities, fulfill customer orders, and report financial and management information on a timely and accurate basis. In addition, due to the systemic internal control features within ERP systems, we may experience difficulties that could affect our internal control over financial reporting, which could create a significant deficiency or material weakness in our overall internal controls under Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act.

***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, or by other unanticipated events such as the major earthquakes and tsunami that occurred in Japan in March 2011. 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. A number of our suppliers are located in Japan, and we believe that many of our customers also depend on suppliers of their own located in Japan. While we typically carry some additional inventory to meet the fluctuating demands of our customers, any delays in product delivery from Japanese suppliers may have an adverse effect on our ability to deliver our products to our customers, which could negatively impact

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our results of operations. In addition, even if we do not experience any delays in delivery from our Japanese suppliers, if our customers cannot timely source other components or materials from their suppliers in Japan, they may scale back their manufacturing, which would likely cause them to cancel or scale back their orders from us, and this may, in turn, adversely affect our results of operations.

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 our 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.

***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.***

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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 N.V., 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 II, Item 1. “Legal Proceedings” above 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.***

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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 May 1, 2011, we had recorded an aggregate of \$13 million in charges (including a reversal of warranty accrual of \$4 million in the quarter ended May 1, 2011) associated with this issue, 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. Our customer contracts typically contain warranty and indemnification provisions, and in certain cases liquidated damages, provisions relating to product quality issues. The potential liabilities associated with such provisions are significant, and in some cases are potentially unlimited, and may greatly exceed any revenues we receive from such products. Costs, payments or damages incurred or paid by us in connection with warranty and product liability claims and product recalls could materially, adversely 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.

***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, but our top 10 customers, which included five distributors, collectively accounted for 55% of our net revenue. During the first six months of fiscal year 2011, no customer accounted for 10% or more of our net revenue, but our top 10 customers, which included three distributors, collectively accounted for 53% 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. We are in the process of changing our relationship with one of our global, full-line distributors, to make it a regional, full-line distributor, as we believe that the needs of our customers will be better served by having fewer global distributors. We believe that our existing sales channels will be able to absorb any sales that we would otherwise have been made to this distributor, however, if we are unable to supply sufficient product to remaining distributors end-customers may elect to buy competitors' products. In addition, certain end-customers may be reluctant to change suppliers, which may induce them to purchase our competitors' products from their current distributor. 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 the first six months of fiscal year 2011, we purchased 56% of the materials for our manufacturing processes from seven 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



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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, precious metals, 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 commodity price increases, 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. 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. Our margin may also be affected by fluctuations in commodity prices, either directly in the price of the raw materials we buy, or as a result of prices increases passed on to us by our suppliers. Many commodities prices, including those of gold and fuel, have risen significantly in recent months. We do not hedge our exposure to commodity prices and continued increases in commodities prices may adversely affect our gross margin.

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 May 1, 2011, 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;

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- 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 significant legal risk associated with conducting business internationally is compliance with various and differing anti-corruption and anti-bribery laws and regulations of the countries in which we do business, including the U.S. Foreign Corrupt Practices Act, the recent U.K. Bribery Act and similar laws in China. In addition, the anti-corruption laws in various countries are constantly evolving and may, in some cases, conflict with each other. Our Code of Ethics and Business Conduct prohibit us and our employees from offering or giving anything of value to a government official for the purpose of obtaining or retaining business and from engaging in unethical business practices. However, there can be no assurance that all of our employees or agents will refrain from acting in violation of this and our related anti-corruption policies and procedures. Any such violation could have a material adverse effect on our business.

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 natural disaster in those regions or catastrophic loss or significant damage to any of our facilities in those regions 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. For example,



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we have a small manufacturing facility in Japan, which suffered minor damage as a result of the recent natural disaster in Japan and was shut down for several days due to the severe disruption to Japan's infrastructure and rolling power outages caused by the disaster. In addition, any catastrophic loss at our Fort Collins, Colorado, San Jose, California, or 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. 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 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 \$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. We are subject to, and are under, audit in various jurisdictions, and such jurisdictions may assess additional income tax against us. Although we believe our tax positions are reasonable, the final determination of tax audits could be materially different from our recorded income tax provisions and accruals. The ultimate results of an audit could have a material adverse effect on our operating results or cash flows in the period or periods for which that determination is made.

***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 these integrations may be further complicated by such factors as the size of the business or entity acquired, 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,

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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 affect 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.

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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, \$4 million in fiscal year 2010 and \$1 million in the first six months of fiscal year 2011.

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 37% of our net revenue for fiscal year 2010 and the first six months of fiscal year 2011, 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.

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 distributors or 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, in 2010 we terminated our relationships with a substantial number of our manufacturing representatives in the United States and have replaced them with additional employee representatives. In addition, in May 2011, we began the process of reducing the number of our global, full-line distributors, by changing one of them to a regional, full-line distributor. We continue to evaluate our sales and distribution strategies and may make further changes in the future. 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 manage distribution efforts by our remaining global, full-line distributors. If we cannot retain our current distributors or manufacturers' representatives, recruit additional or replacement distributors or manufacturers' representatives, or effectively manage changes to our sales and distributions strategies our sales and operating results will be harmed.

***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, as required by Section 404 of the Sarbanes-Oxley Act. Even though, as at October 31, 2010, we concluded that our internal control over financial reporting was effective, we need to maintain our processes and systems and adapt them as our business grows and changes. 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 we grow our business or acquire other businesses, our internal controls may become more complex and we may require significantly more resources to ensure they remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, either in our existing business or in businesses that we may acquire, 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.

***A breach of our security systems may have a material adverse effect on our business.***

Our security systems are designed to maintain the physical security of our facilities and protect our customers', suppliers' and employees' confidential information. Despite such efforts, we are subject to breach of security systems which may result in unauthorized access to our facilities and/or the information we are trying to protect. If unauthorized parties gain physical access to one of our facilities or electronic access to our information systems or such information is misdirected, lost or stolen during transmission or transport, any theft or misuse of such information could result in, among other things, unfavorable publicity, difficulty in marketing our products, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and

possible financial obligations for damages related to the theft or misuse of such information, any of which could have a material adverse effect on our business, profitability and financial condition.

### **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 resident 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 principal shareholder than they would as shareholders of a corporation incorporated in the United States.

***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 ordinary shares with the prior approval of our shareholders in a general meeting. At our 2011 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 2012 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**

***Influence of our Sponsors could adversely affect our other shareholders.***

Investment funds affiliated with KKR, investment funds affiliated with Silver Lake, Seletar Investments Pte. Ltd., or Seletar, and Geyser Investment Pte. Ltd., or Geyser, beneficially own approximately 7.3%, 7.2%, 1.8% and 1.2% of our outstanding ordinary shares, respectively (based on the number of ordinary shares outstanding as of June 3, 2011). In addition, pursuant to the terms of our Second Amended and Restated Shareholder Agreement, or the Shareholder Agreement, KKR and Silver Lake, which we refer to as the Sponsors, can elect their respective designees to serve as members of our board of directors. KKR and Silver Lake will continue to have a presence on our board of directors and therefore a significant influence on our affairs for the foreseeable future, including significant corporate transactions, such as a merger or other sale of our company or our assets.

***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.***

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The trading price of our ordinary shares has at times fluctuated significantly. 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.

### ***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, including by members of our management, 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 June 3, 2011, approximately 41.3 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 2011 annual general meeting of shareholders. These shares are also subject to lock-up agreements that holders of the shares have signed with the underwriters of the secondary offering of our ordinary shares that was completed on June 3, 2011, 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



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ordinary shares without the prior written consent of Deutsche Bank Securities Inc., Barclays Capital Inc. and Citigroup Global Markets Inc. until June 30, 2011. The underwriters of that offering may, in their 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.

As of June 3, 2011, holders of approximately 41.3 million ordinary shares are entitled to rights with respect to registration of such shares under the Securities Act pursuant to a registration rights agreement with us. These holders have exercised their registration rights several times since our initial public offering in August 2009 and if such holders, by exercising their registration rights or otherwise, continue to 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 in such registration 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, including such shares issued to members of our management, may be freely sold in the public market upon vesting and issuance, subject to the restrictions provided under the terms of the plan and option agreement under which they were issued, applicable securities laws and our insider trading policy.

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

The 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. There can be no assurance that we will declare cash dividends in the future or in any particular amounts. The payment of cash dividends is restricted by 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, places significant demands on our systems, resources and management. 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 also need to hire more employees in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, are creating uncertainty for public companies, further 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 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

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\$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 Quarterly Report on Form 10-Q could result in the actual operating results being different than the guidance, and such differences may be adverse and material.

## **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

## **Item 3. Defaults Upon Senior Securities**

None.

## **Item 5. Other Information**

### **Dividend**

On June 8, 2011, the Board declared an interim quarterly cash dividend on its ordinary shares of \$0.09 per share, payable on June 30, 2011 to shareholders of record at the close of business (5:00 p.m.), Eastern Time, on June 17, 2011.

### **Share Repurchase Program**

On June 8, 2011, the Board authorized the repurchase of up to 15 million of the Company's outstanding ordinary shares, not to exceed \$500 million of its ordinary shares, in the aggregate, pursuant to the shareholder approval of the Company's 2011 share purchase mandate received at the Company's 2011 Annual General Meeting on March 30, 2011, or the 2011 Share Purchase Mandate. Pursuant to the 2011 Share Purchase Mandate, the Company, upon authorization of the Board of Directors, is authorized to repurchase approximately 24.6 million ordinary shares (representing 10% of the outstanding shares on the date of the 2011 Annual General Meeting), in open market transactions or pursuant to equal access schemes, prior to the date on which the 2012 Annual General Meeting of the Company is held or is required by law to be held. The Company may not repurchase more than 15 million of its ordinary shares, or more than \$500 million of the Company's ordinary shares, without further action by the Board of Directors. Share repurchases, if any, will be made in the open market at such times and in such amounts as the Company deems appropriate. The timing and actual number of shares repurchased will depend on a variety of factors including price, market conditions and applicable legal requirements. The share repurchase program does not obligate the Company to repurchase any specific number of shares and may be suspended or terminated at any time without prior notice.

## **Item 6. Exhibits**

Exhibit Number	Description	Incorporated by Reference Herein		Filed Herewith
		Form	Filing Date	
3.1	Memorandum and Articles of Association	Avago Technologies Limited Current Report on Form 8-K (Commission File No. 001-34428).	August 14, 2009	
4.1	Second Amended and Restated Shareholder Agreement, dated August 11, 2009, among	Avago Technologies Limited Current Report on	August 14, 2009	



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Exhibit Number	Description	Incorporated by Reference Herein		Filed Herewith
		Form	Filing Date	
	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	Form 8-K (Commission File No. 001-34428).		
10.1†	Avago FY 2011 Performance Bonus Plan for Executive Employees, effective November 1, 2010	Avago Technologies Limited Quarterly Report on Form 10-Q (Commission File No. 001-34428).	March 10, 2011	
10.2†	Severance Agreement, dated March 9, 2011, between Avago Technologies US. Inc. and Bryan Ingram.			X
10.3†	Amendment to the Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and its Employees, dated March 9, 2011			X
10.4	Credit Agreement, dated March 31, 2011, among Avago Technologies Finance Pte. Ltd., as Borrower, Avago Technologies Holding Pte. Ltd., Avago Technologies International Sales Pte. Limited. Avago Technologies US. Inc. and Avago Technologies General IP (Singapore) Pte. Ltd., as Guarantors and The Initial Lenders named herein as Initial Lenders and Citicorp International Limited as Administrative Agent and Barclays Capital as Syndication Agent and Citigroup Global Markets Inc. and Barclays Capital as Joint Lead Arrangers and Joint Bookrunners (Credit Agreement”).			X
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
99.1	Press release entitled “Avago Technologies Announces Dividend and Authorization for Share Repurchase Program”			X
101.INS††	XBRL Instance Document			X
101.SCH††	XBRL Schema Document			X
101.CAL††	XBRL Calculation Linkbase Document			X
101.LAB††	XBRL Labels Linkbase Document			X

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Exhibit Number	Description	Incorporated by Reference Herein		Filed Herewith
		Form	Filing Date	
101.PRE††	XBRL Presentation Linkbase Document			X

† Indicates a management contract or compensatory plan or arrangement.

†† Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Unaudited Condensed Consolidated Balance Sheets at October 31, 2010 and May 1, 2011, (ii) Unaudited Condensed Consolidated Statements of Income for the quarters and six months ended May 2, 2010 and May 1, 2011, (iii) Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended May 2, 2010 and May 1, 2011 and (iv) Notes to Unaudited Condensed Consolidated Financial Statements.

In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for purposes of Section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.



March 9, 2011

Bryan Ingram  
Avago Technologies Limited  
350 West Trimble Road  
San Jose, California 95131

**Re: Severance Benefits Agreement**

Dear Bryan,

This letter constitutes the Severance Benefits Agreement (the "Agreement") between you and Avago Technologies Limited (the "Company"). Please confirm your acceptance of these terms by returning a signed copy of this Agreement to me.

Severance Benefits

*Termination By The Company Without Cause or for Good Reason, Death or Disability.* If you experience a Separation from Service (as defined below) initiated by the Company without Cause (as defined below), by you for Good Reason (as defined below) or because of your death or permanent disability, as determined by the Company, and if, within sixty (60) days of such Separation from Service, you (or your estate's executor) sign, and fail to revoke during any applicable revocation period, a general release of all claims against the Company and its affiliates in a form acceptable to the Company (a "Release"), the Company or one of its subsidiaries shall provide you (or your estate) with continuation of your base salary for a period of nine (9) months commencing on the sixtieth (60<sup>th</sup>) day following your Separation from Service at the rate in effect immediately prior to your Separation from Service, less applicable withholdings and payment of an amount equal to the lesser of fifty percent (50%) of (a) your prior year's bonus and (b) your prior year's target bonus, both payable in nine (9) substantially equal installments commencing on the sixtieth (60<sup>th</sup>) day following your Separation from Service pursuant to the Company's normal and customary payroll procedures. The Company or one of its subsidiaries shall also pay the group health, dental and vision plan continuation coverage premiums for you and, if relevant, your covered dependents' COBRA for the lesser of (i) six (6) months from the date of your Separation from Service, or (ii) the date upon which you are covered by similar plans of a new employer. The Company shall provide you with a Release within 10 business days of your Separation from Service.

*Termination in Connection with a Change in Control.* If you experience a Separation from Service (as defined below) initiated by the Company without Cause (as defined below), by you for Good Reason (as defined below) or because of your death or permanent disability, as determined by the Company, in each case within the twelve (12) month period commencing on a Change in Control (as defined below), and if, within sixty (60) days of your Separation from Service, you (or your estate's executor) sign, and fail to revoke during any applicable revocation period, a Release, then in lieu of the severance benefits described in the preceding paragraph, the Company shall provide you (or your estate) with continuation of your base salary for a period of twelve (12) months commencing on the sixtieth (60<sup>th</sup>) day following your Separation from Service at the rate in effect immediately prior to your Separation from Service, less applicable withholdings, and payment of an amount equal to 100% of the lesser of (a) your prior year's bonus and (b) your prior year's target

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bonus, both payable in twelve (12) substantially equal installments commencing on the sixtieth (60<sup>th</sup>) day following your Separation from Service pursuant to the Company's normal and customary payroll procedures. The Company or one of its subsidiaries shall also pay the group health, dental and vision plan continuation coverage premiums for you and, if relevant, your covered dependents' COBRA for the lesser of (i) twelve (12) months from the date of your Separation from Service, or (ii) the date upon which you are covered by similar plans of a new employer. Finally, your then outstanding options shall immediately accelerate and become vested and exercisable for that number of shares subject thereto with respect to which such options would have become vested and exercisable over the succeeding twelve (12) month period based solely on the passage of time and your performance of services (i.e., you will receive twelve (12) month accelerated vesting on your time vesting options). The Company shall provide you with a Release within 10 business days of your Separation from Service.

*Termination By The Company With Cause Or Termination By You.* If your employment by the Company is terminated by the Company with Cause, or if you voluntarily terminate your employment with the Company (other than for Good Reason), you shall not be entitled to any severance pay, severance benefits, or any compensation or benefits from the Company whatsoever, other than as required under applicable law.

#### Definitions

*Cause.* For purposes of this Agreement, "Cause" shall mean (A) your willful refusal to perform in any material respect your duties or responsibilities for the Company or its affiliates or willful disregard in any material respect of any financial or other budgetary limitations established in good faith by the Board; or (B) your material breach of any provision of this Agreement that is not cured upon ten (10) days notice thereof; or (C) the engaging by you in conduct that causes material and demonstrable injury, monetarily or otherwise, to the Company or any affiliates, including, but not limited to, misappropriation or conversion of assets of the Company or any affiliates (other than non-material assets); or (D) your engagement in an act of moral turpitude or conviction of or entry of a plea of nolo contendere to a felony.

*Change in Control.* For purposes of this Agreement, "Change in Control" shall mean (i) the sale of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole to a person who is not an affiliate of the Company or the Sponsors; (ii) a sale by the Sponsors or any of their respective affiliates resulting in more than fifty percent (50%) of the voting shares of the Company being held by a person or related group of persons that does not include the Sponsors or any of their respective affiliates or (iii) a merger or consolidation of the Company into another person which is not an affiliate of the Company or the Sponsors, if and only if as a result of such merger or consolidation the Sponsors lose the ability to elect a majority of the Board (or the resulting entity).

*Good Reason.* For purposes of this Agreement, the term "Good Reason" shall mean any of the following: (A) a material reduction in your base salary (other than as part of a broad salary reduction program instituted because the Company or its affiliates is in financial distress); (B) a substantial reduction in your duties and responsibilities; (C) the elimination or reduction of your eligibility to participate in the Company's benefit programs that is inconsistent with the eligibility of executive employees of the Company to participate therein; (D) the Company informs you of its intention to transfer your primary workplace to a location that is more than 50 miles from the location of your primary workplace as of such date; (E) the Company's material breach of this

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Agreement that is not cured within sixty (60) days written notice thereof; and (F) any serious chronic mental or physical illness of a member of your family that requires you to terminate your employment because of substantial interference with your duties at the Company; provided, that at the Company's request you shall provide the Company with a written physician's statement confirming the existence of such mental or physical illness.

*Separation from Service.* For the purposes of this Agreement, the term "Separation from Service" shall mean "separation from service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the Department of Treasury regulations and other guidance promulgated thereunder.

*Sponsors.* For the purposes of this Agreement, the term "Sponsors" shall mean Kohlberg Kravis & Roberts Co., L.P. and Silver Lake Partners, LLC.

#### Section 409A

*Six Month Delay.* Notwithstanding any provision to the contrary in this Agreement, if you are deemed by the Company at the time of your Separation from Service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the benefits to which you are entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of your benefits shall not be provided to you prior to the earlier of (a) the expiration of the six-month period measured from the date of your Separation from Service or (b) the date of your death. Upon the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph shall be paid in a lump sum to you, and any remaining payments due under the Agreement shall be paid as otherwise provided herein.

*Installments.* For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive the installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment.

#### Entire Agreement

This Agreement and the documents referenced herein (including, without limitation, the equity-related documents) constitute the complete, final and exclusive embodiment of the entire agreement between you and the Company and its subsidiaries with respect to severance benefits payable to you upon your termination of employment with the Company and its subsidiaries. This Agreement supersedes any other such promises, warranties, representations, plans or agreements. This Agreement may not be amended or modified except by a written instrument signed by you and an authorized representative of the Board or the Company's chief executive officer.

#### Governing Law

This Agreement will be governed by and construed in accordance with the laws of the State of California without regard to the conflicts of law provisions thereof.

#### Dispute Resolution

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To ensure the timely and economical resolution of disputes that arise in connection with your employment with the Company and its subsidiaries, you and the Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance or interpretation of this Agreement, your employment, or the termination of your employment, shall be resolved to the fullest extent permitted by law by final, binding and confidential arbitration, by a single arbitrator, in Santa Clara County, California, conducted by Judicial Arbitration and Mediation Services, Inc. ("JAMS") under the applicable JAMS employment rules. **By agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.** The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, you and the Company each have the right to resolve any issue or dispute over intellectual property rights by Court action instead of arbitration.

*[Signature Page Follows]*

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If you choose to accept this Agreement under the terms described above, please return a signed copy of this letter to my attention.

Sincerely,

/s/ Hock E. Tan

Hock E. Tan  
President and Chief Executive Officer Avago  
Technologies Limited

**Agreed and Accepted this 9th day of March, 2011**

/s/ Bryan Ingram

**Bryan Ingram**



**AMENDMENT TO THE  
EQUITY INCENTIVE PLAN FOR  
SENIOR MANAGEMENT EMPLOYEES OF  
AVAGO TECHNOLOGIES LIMITED AND SUBSIDIARIES**

**March 9, 2011**

Effective as of the date first set forth above, Avago Technologies Limited (the "Company") hereby amends the Equity Incentive Plan for Senior Management Employees of Avago Technologies Limited and Subsidiaries, as amended and restated effective as of February 25, 2008 and as further amended on July 27, 2009 (the "Plan") as follows:

Sections 8, 9, 10 and 11 of the Plan are hereby deleted and shall be of no further effect with respect to any Options or Shares outstanding under the Plan. Subsequent sections shall be renumbered accordingly.

All capitalized terms used and not defined herein shall have the meaning given to them in the Plan, as amended from time to time.

Except as provided in this Amendment, the Plan shall remain in full force and effect.

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**CREDIT AGREEMENT**

Dated as of March 31, 2011

Among

**AVAGO TECHNOLOGIES FINANCE PTE. LTD.**as Borrower**AVAGO TECHNOLOGIES HOLDING PTE. LTD.****AVAGO TECHNOLOGIES INTERNATIONAL SALES PTE. LIMITED****AVAGO TECHNOLOGIES U.S. INC.**

and

**AVAGO TECHNOLOGIES GENERAL IP (SINGAPORE) PTE. LTD.**as Guarantors

and

**THE INITIAL LENDERS NAMED HEREIN**as Initial Lenders

and

**CITICORP INTERNATIONAL LIMITED**as Administrative Agent

and

**BARCLAYS CAPITAL**as Syndication Agent

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**CITIGROUP GLOBAL MARKETS INC.**

and

**BARCLAYS CAPITAL**as Joint Lead Arrangers and Joint Bookrunners

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## FOUR-YEAR CREDIT AGREEMENT

Dated as of March 31, 2011

AVAGO TECHNOLOGIES FINANCE PTE. LTD. (company registration number 200512223N), a company incorporated under the Singapore Companies Act (the "Borrower"), AVAGO TECHNOLOGIES HOLDING PTE. LTD. (company registration number 200512203H), a company incorporated under the Singapore Companies Act ("Holdings"), AVAGO TECHNOLOGIES INTERNATIONAL SALES PTE. LIMITED (company registration number 200512231E), a company incorporated under the Singapore Companies Act ("International Sales"), AVAGO TECHNOLOGIES U.S. INC., a Delaware corporation ("U.S. Inc."), AVAGO TECHNOLOGIES GENERAL IP (SINGAPORE) PTE. LTD. (company registration number 200512430D), a company incorporated under the Singapore Companies Act ("General IP" and, together with Holdings, International Sales and U.S. Inc., the "Guarantors"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") and issuers of letters of credit ("Initial Issuing Banks") listed on Schedule I hereto, BARCLAYS CAPITAL, the investment banking division of Barclays Bank PLC, as syndication agent, CITIGROUP GLOBAL MARKETS INC. and BARCLAYS CAPITAL, as joint lead arrangers and joint bookrunners (each an "Arranger" and collectively the "Arrangers") and CITICORP INTERNATIONAL LIMITED ("Citi International"), as administrative agent (the "Agent") for the Lenders (as hereinafter defined), agree as follows:

### PRELIMINARY STATEMENT.

The Borrower is one of the borrowers under the Existing Credit Agreement (as hereinafter defined) and the Lenders hereunder have agreed to extend certain revolving credit facilities to the Borrower, in an aggregate principal amount not to exceed \$200,000,000, the proceeds of which will be used to repay in full all outstanding amounts under the Existing Credit Agreement, if any, and following the Effective Date, for general corporate purposes (including permitted acquisitions, investments and commercial paper backstop) of the Borrower and its Subsidiaries.

## ARTICLE I

### DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Agent.

"Advance" means a Revolving Credit Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

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Avago Credit Agreement

“Agent’s Account” means (a) the account of the Agent set forth on Annex A hereto and (b) such other account of the Agent as is designated in writing from time to time by the Agent to the Borrower and the Lenders for such purpose.

“Agreement” means this Credit Agreement.

“Alternate Currency” means Yen, Euros or any other lawful currency as may be agreed between the applicable Issuing Bank and the Borrower.

“Applicable Lending Office” means, with respect to each Lender, such Lender’s Base Rate Lending Office in the case of a Base Rate Advance and such Lender’s Eurocurrency Lending Office in the case of a Eurocurrency Rate Advance.

“Applicable Margin” means as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

	Public Debt Rating S&P/Moody’s	Applicable Margin for Eurocurrency Rate Advances	Applicable Margin for Base Rate Advances
Level 1			
BBB or Baa2 or above		1.75%	0.75%
Level 2			
BBB- or Baa3		2.00%	1.00%
Level 3			
BB+ or Ba1		2.25%	1.25%
Level 4			
BB or Ba2 or lower, or no rating available		3.00%	2.00%

“Applicable Percentage” means, as of any date a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

	Public Debt Rating S&P/Moody’s	Applicable Percentage
Level 1		
BBB or Baa2 or above		0.30%
Level 2		
BBB- or Baa3		0.35%
Level 3		
BB+ or Ba1		0.50%
Level 4		
BB or Ba2 or lower, or no rating available		0.625%

“Approved Electronic Communications” means each Communication that any Person is obligated to, or otherwise chooses to, provide to the Agent pursuant to any Loan Document or the transactions contemplated therein, including any financial statement, financial and other report, notice, request, certificate and other information material; provided, however, that, solely with respect to delivery of any such Communication by any Person to the Agent and without limiting or otherwise affecting either the Agent’s right to effect delivery of such Communication by posting such Communication to the Approved Electronic Platform or the protections afforded hereby to the Agent in connection with any such posting, “Approved Electronic Communication”

Avago Credit Agreement

shall exclude (i) any notice of borrowing, letter of credit request, notice of conversion or continuation, and any other notice, demand, communication, information, document and other material relating to a request for a new, or a conversion of an existing, Borrowing, (ii) any notice pursuant to Section 2.10(a) and Section 2.10(b) and any other notice relating to the payment of any principal or other amount due under any Loan Document prior to the scheduled date therefor, (iii) all notices of any Default or Event of Default and (iv) any notice, demand, communication, information, document and other material required to be delivered to satisfy any of the conditions set forth in Article III or any other condition to any Borrowing or other extension of credit hereunder or any condition precedent to the effectiveness of this Agreement.

“Approved Electronic Platform” has the meaning specified in Section 9.02(d).

“Arrangers” has the meaning specified in the preamble hereto.

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

“Assuming Lender” has the meaning specified in Section 2.18(d).

“Assumption Agreement” means an assumption agreement in substantially the form of Exhibit D hereto.

“Available Amount” of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

“Bankruptcy Law” means any law or proceeding of the type referred to in Section 6.01(e) or Title 11, U.S. Code, or any similar foreign, federal, state or provincial law for the relief of debtors.

“Base Rate” means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank’s base rate;

(b) 1/2 of one percent per annum above the Federal Funds Rate; and

(c) the British Bankers Association Interest Settlement Rate applicable to Dollars for a period of one month (“One Month LIBOR”) plus 1.00% (for the avoidance of doubt, the One Month LIBOR for any day shall be based on the rate appearing on Reuters LIBOR01 Page (or other commercially available source providing such quotations as designated by the Agent from time to time) at approximately 11:00 a.m. London time on such day).

“Base Rate Advance” means an Advance that bears interest as provided in Section 2.07(a)(i).

“Base Rate Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Base Rate Lending Office” opposite its name on Schedule I hereto or in the

Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

“Borrower” has the meaning specified in the preamble hereto.

“Borrowing” means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Lenders pursuant to Section 2.01(a).

“Borrowing Minimum” means \$5,000,000.

“Borrowing Multiple” means \$1,000,000.

“Business Day” means a day of the year on which banks are not required or authorized by law to close in New York City, Singapore or Hong Kong and, if the applicable Business Day relates to any Eurocurrency Rate Advances, on which dealings are carried on in the London interbank market and banks are open for business in London and in the country of issue of the currency of such Eurocurrency Rate Advance.

“Cash Collateralize” means, in respect of an obligation, provide and pledge (as a first priority perfected security interest) cash collateral in Dollars, at a location and pursuant to documentation in form and substance satisfactory to the Agent and the Issuing Bank (and “Cash Collateralization” has a corresponding meaning).

“Change of Control” shall mean and be deemed to have occurred if (i) any Person or two or more Persons acting in concert shall acquire beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of Parent (or other securities convertible into such Voting Stock) representing 50% or more of the combined voting power of all Voting Stock of Parent; (ii) Parent shall cease to own and control all of the Voting Stock of Holdings, (iii) Holdings shall cease to own and control all of the Voting Stock of the Borrower or (iv) during any period of up to 12 consecutive months, commencing on or after the date of this Agreement, individuals who at the beginning of such period were directors of Parent shall cease for any reason (other than due to death or disability) to constitute a majority of the board of directors of Parent (except to the extent that such individuals were replaced by individuals (x) elected by a majority of the remaining members of the board of directors of Parent or (y) nominated for election by a majority of the remaining members of the board of directors of Parent and thereafter elected as directors by the shareholders of Parent.

“Citi International” has the meaning specified in the preamble hereto.

“Citibank” means Citibank, N.A.

“Commitment” means a Revolving Credit Commitment or a Letter of Credit Commitment.

“Commitment Date” has the meaning specified in Section 2.18(b).

“Commitment Increase” has the meaning specified in Section 2.18(a).

“Communications” means each notice, demand, communication, information, document and other material provided for hereunder or under any other Loan Document or otherwise transmitted between the parties hereto relating this Agreement, the other Loan Documents, any Loan Party or its Affiliates, or the transactions contemplated by this Agreement or the other Loan Documents including, without limitation, all Approved Electronic Communications.

“Company Information” has the meaning specified in Section 9.08.

“Compliance Certificate” means a certificate in the form of Exhibit F hereto.

“Consolidated” refers to the consolidation of accounts in accordance with GAAP.

“Consolidated Debt for Borrowed Money” of any Person means all items that, in accordance with GAAP, would be classified as indebtedness on a Consolidated balance sheet of such Person, or as Guaranteed Debt of such Person of items of another person that, in accordance with GAAP, would be classified as indebtedness on a Consolidated balance sheet of such Person.

“Consolidated Debt to EBITDA Ratio” means, on any date of determination, the ratio of (i) Consolidated Debt for Borrowed Money of the Borrower and its Consolidated Subsidiaries, as of such date, to (ii) Consolidated EBITDA of the Borrower and its Consolidated Subsidiaries for the period of four fiscal quarters most recently ended.

“Consolidated Interest Expense” means, for any period, for any Person, all items that, in accordance with GAAP, would be classified as interest expense on a Consolidated statement of income of such Person for such period.

“Convert”, “Conversion” and “Converted” each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Section 2.08 or 2.09.

“Debt” of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person’s business and monetary obligations arising under supply or consignment agreements not overdue by more than 90 days or are being contested in good faith by appropriate proceedings and for which reasonable reserves are being maintained), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments (excluding undrawn amounts), (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP as in effect on the date hereof, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit, bank guarantees, surety bonds or similar extensions of credit, (g) all payments that such Person would have to make in the event of an early termination on the date Indebtedness of such Person is being determined in respect of Hedge Agreements of such Person, (h) all liability under any synthetic lease or tax ownership operating lease, (i) all Debt of others referred to in clauses (a) through (h) above or clause (j) below (collectively, “Guaranteed Debt”) guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Guaranteed Debt or to advance or supply funds for the payment or purchase of such Guaranteed Debt, (2) to purchase, sell or lease

(as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Guaranteed Debt or to assure the holder of such Guaranteed Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (j) all Debt referred to in clauses (a) through (i) above (including Guaranteed Debt) secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

“Default” means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“Default Interest” has the meaning specified in Section 2.07(b).

“Defaulting Lender” means at any time, subject to Section 2.19(e), (i) any Lender that has failed for two or more Business Days to comply with its obligations under this Agreement to make an Advance, make a payment to any Issuing Bank in respect of a Letter of Credit payment, or make any other payment due hereunder (each, a “funding obligation”), unless such Lender has notified the Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding has not been satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing), (ii) any Lender that has notified the Agent, the Borrower or any Issuing Bank in writing, or has stated publicly, that it does not intend to comply with its funding obligations hereunder, unless such writing or statement states that such position is based on such Lender’s determination that one or more conditions precedent to funding cannot be satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing or public statement), (iii) any Lender that has notified the Agent, the Borrower or any Issuing Bank in writing, or has stated publicly, that it has defaulted on its funding obligations under any other loan agreement or credit agreement or other financing agreement, unless such writing or statement states that such position is based on such Lender’s determination that one or more conditions precedent to funding cannot be satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing or public statement), (iv) any Lender that has, for three or more Business Days after written request of the Agent or the Borrower, failed to confirm in writing to the Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender will cease to be a Defaulting Lender pursuant to this clause (iv) upon the Agent’s and the Borrower’s receipt of such written confirmation), or (v) any Lender with respect to which a Lender Insolvency Event has occurred and is continuing with respect to such Lender or its Parent Company (provided, in each case, that neither the reallocation of funding obligations provided for in Section 2.19(b) as a result of a Lender’s being a Defaulting Lender nor the performance by Non-Defaulting Lenders of such reallocated funding obligations will by themselves cause the relevant Defaulting Lender to become a Non-Defaulting Lender). Any determination by the Agent that a Lender is a Defaulting Lender under any of clauses (i) through (v) above will be conclusive and binding absent manifest error, and such Lender will be deemed to be a Defaulting Lender (subject to Section 2.19(e)) upon notification of such determination by the Agent to the Borrower, the Issuing Banks and the Lenders.

“Dollar Equivalent” shall mean on any date of determination, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in

any Alternate Currency, the equivalent in Dollars of such amount, determined by the Agent using the applicable Exchange Rate.

“Dollars” and the “⸌” sign each means lawful currency of the United States of America.

“EBITDA” means, for any period, net income (or net loss) plus the sum (without duplication) of (a) interest expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, (e) to the extent included in net income, non-cash non-recurring charges (provided that if any non-cash charges referred to in this clause (e) represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period), (f) to the extent included in net income, non-cash, recurring charges related to equity compensation, (g) any deductions attributable to minority interests, (h) restructuring charges or reserves (including any one time costs incurred in connection with acquisitions after the Effective Date and closures and/or consolidation of facilities) in an amount not to exceed \$8,000,000 for any fiscal year and (i) all other non-cash charges for such period less to the extent included in net income, (j) non-cash gains and (k) any net after-tax income from the early extinguishment of Debt or hedging obligations or other derivative instruments; provided, that for purposes of calculating EBITDA for the Borrower and its Subsidiaries for any period, the EBITDA of any Person (or assets or division of such Person) acquired by the Borrower or any of its Subsidiaries during such period shall be included on a pro forma basis for such period (assuming the consummation of such acquisition occurred on the first day of such period).

“Effective Date” has the meaning specified in Section 3.01.

“Eligible Assignee” means (i) a Lender; (ii) an Affiliate of a Lender; (iii) any other financial institution approved by the Agent, each Issuing Bank and, unless an Event of Default under Section 6.01(a) or (e) has occurred and is continuing at the time any assignment is effected in accordance with Section 9.07, the Borrower, such approvals not to be unreasonably withheld or delayed; and (iv) any other Person approved by the Agent, each Issuing Bank and the Borrower, such approvals not to be unreasonably withheld or delayed, it being acknowledged and agreed by the Borrower that the Borrower shall be deemed to have consented to any such assignment under clauses (iii) or (iv) unless it shall object thereto by written notice to the Agent within 5 Business Days after having received notice thereof; provided, however, that none of the Borrower, any Affiliate of the Borrower or a natural person shall qualify as an Eligible Assignee.

“Environmental Action” means (a) any notice of non-compliance or violation, notice of liability or potential liability, proceeding, consent order or consent agreement by any governmental or regulatory authority with jurisdiction or (b) any litigation, case, suit, demand, demand letter or claim by any governmental or regulatory authority or any third party relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials, including, without limitation, (x) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (y) by any governmental or regulatory authority or any such third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

“Environmental Law” means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, natural resources or human health and safety, including, without limitation, those relating to the use, handling, transportation,

treatment, storage, disposal, release or discharge of Hazardous Materials, to the extent applicable to the Borrower or any of its Subsidiaries or any of their operations.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder.

“ERISA Affiliate” means any Person that for purposes of Title IV of ERISA is a member of Holdings’ controlled group, or under common control with Holdings, within the meaning of Section 414 of the Internal Revenue Code.

“ERISA Event” means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived under the applicable regulation, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of Holdings or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by Holdings or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; (g) any Multiemployer Plan is insolvent or in reorganization; (h) any Plan has an accumulated or waived funding deficiency; (i) any of Holdings, the Borrower, any Subsidiary or any ERISA Affiliate has incurred any liability under Title IV of ERISA (other than premiums due to the PBGC) to or on account of a Plan or Multiemployer Plan or (g) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

“Euro” and the sign “€” each mean the lawful money of the member states of the European Union.

“Eurocurrency Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurocurrency Lending Office” opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Base Rate Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Eurocurrency Rate” means, for any Interest Period for each Eurocurrency Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a) the rate per annum (rounded upward to the nearest whole multiple of 1/100 of 1% per annum) appearing on Reuters LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such

Interest Period or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in Dollars is offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurocurrency Rate Advance comprising part of such Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage for such Interest Period. If the Reuters LIBOR01 Page (or any successor page) is unavailable, the Eurocurrency Rate for any Interest Period for each Eurocurrency Rate Advance comprising part of the same Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

“Eurocurrency Rate Advance” means a Revolving Credit Advance that bears interest as provided in Section 2.07(a)(ii).

“Eurocurrency Rate Reserve Percentage” for any Interest Period for all Eurocurrency Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurocurrency Rate Advances is determined) having a term equal to such Interest Period.

“Events of Default” has the meaning specified in Section 6.01.

“Exchange Rate” shall mean on any day with respect to any Foreign Currency, the rate at which such Foreign Currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m. (Hong Kong time) as of three Business Days prior to the date such determination is made on the Reuters Page “AFX =”; provided that, in the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Agent and the Borrower, or, in the absence of such agreement, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Agent in the market where its foreign currency exchange operations in respect of such Foreign Currency are then being conducted, at or about 11:00 a.m. (Hong Kong time) on such date for the purchase of Dollars for delivery two Business Days later.

“Excluded Taxes” shall mean, with respect to any Lender or the Agent: (a) (i) taxes imposed on its overall net income (including branch profits taxes), and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender or the Agent (as the case may be) is organized or in which its principal office is located or, in the case of any Lender, in which its Applicable Lending Office is located, and (ii) any taxes imposed on it as a result of any current or former connection between such Lender or the Agent (as the case may be) and the jurisdiction of the governmental authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than



any such connection arising from such Lender or the Agent having executed, delivered or performed its obligations or received a payment under, received or perfected a security interest under, or engaged in any other transaction pursuant to, or having been a party to or having enforced, sold or assigned an interest in, this Agreement or any other Loan Document); (b) any backup withholding tax that is required by the Internal Revenue Code to be withheld from amounts payable to a Lender that has failed to comply with Section 2.14(e)(ii); (c) in the case of a Non-U.S. Lender, (i) any U.S. federal withholding tax that is imposed on amounts payable to such Non-U.S. Lender under the laws in effect at the time such Non-U.S. Lender becomes a party to this Agreement (or, in the case of a participant that would qualify as a Non-U.S. Lender if it were a Lender, on the date such participant became a participant hereunder), provided that this clause (c)(i) shall not apply to the extent that (x) the indemnity payments or additional amounts any Lender (or participant) would be entitled to receive (without regard to this clause (c)(i)) do not exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Lender (or participant) would have been entitled to receive in the absence of such assignment, participation or transfer or (y) any Tax is imposed on a Lender in connection with an interest or participation in any Note or other obligation that such Lender acquired pursuant to Section 9.16 of this Agreement (it being understood and agreed, for the avoidance of doubt, that any withholding tax imposed on a Non-U.S. Lender as a result of a change in law occurring after the time such Non-U.S. Lender became a party to this Agreement (or designates a new lending office) shall not be an Excluded Tax) or (ii) any Tax to the extent attributable to such Non-U.S. Lender's failure to comply with Section 2.14(e)(iii); and (d) any Taxes imposed on such recipient by reason of FATCA.

“Existing Credit Agreement” means that certain Credit Agreement, dated as of December 1, 2005 (as amended, supplemented or otherwise modified from time to time) among the Borrower, Holdings, 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., U.S. Inc., the lenders party thereto, Citi International, as Asian administrative agent and Citicorp North America, Inc., as tranche B term loan administrative agent and collateral agent.

“Existing Debt” has the meaning specified in Section 5.02(d)(ii).

“Facility” means the Revolving Credit Facility or the Letter of Credit Facility.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as in effect on the date hereof, including any amendments made thereto after the date of this Agreement, and any current or future regulations or official interpretations thereof.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

“Foreign Currencies” shall mean any currency other than U.S. Dollars.

“Foreign Plan” shall mean any employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Borrower or any of its Subsidiaries with respect to employees employed outside the United States.

“GAAP” has the meaning specified in Section 1.03.

“General IP” has the meaning specified in the preamble hereto.

“Guaranteed Debt” has the meaning specified in the definition of “Debt”.

“Guarantors” has the meaning specified in the preamble hereto.

“Guaranty” means the guaranty of each Guarantor set forth in Article VII.

“Hazardous Materials” means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as “hazardous” or “toxic” or as a “pollutant” or “contaminant” or words of similar meaning or effect under any Environmental Law.

“Hedge Agreements” means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, commodity price protection agreements or other commodity price hedging agreements, and other similar agreements.

“Historical Financial Statements” means the Consolidated balance sheet of the Borrower and its Subsidiaries as at October 31, 2010, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Pricewaterhouse Coopers, LLP independent certified public accountants.

“Holdings” has the meaning specified in the preamble hereto.

“Immaterial Subsidiary” means, at any time, any Subsidiary of the Borrower (other than a Loan Party) having (a) Consolidated assets with a value of less than 5% of the total value of the Consolidated assets of the Borrower and its Subsidiaries, taken as a whole; provided that the Consolidated assets of all Immaterial Subsidiaries shall not exceed 10% of the total value of the Consolidated assets of the Borrower and its Subsidiaries, taken as a whole, and (b) Consolidated revenues of less than 5% of the Consolidated revenues of the Borrower and its Subsidiaries, taken as a whole; provided that the Consolidated revenues of all Immaterial Subsidiaries shall not exceed 10% of the Consolidated revenues of the Borrower and its Subsidiaries, taken as a whole, in each case, as of the most recent fiscal quarter end for which financial statements of the Borrower are delivered pursuant to Section 5.01(j) hereof.

“Increase Date” has the meaning specified in Section 2.18(a).

“Increase Notice” means a notice in substantially the form of Exhibit E hereto.

“Increasing Lender” has the meaning specified in Section 2.18(b).

“Indemnified Taxes” means all Taxes (other than Excluded Taxes) and Other Taxes. For the avoidance of doubt, Indemnified Taxes include Taxes imposed under Sections 45 and 45A of the Income Tax Act (Chapter 134) of Singapore.

“Information Memorandum” means the information memorandum dated January 26, 2011 used in connection with the syndication of the Commitments.

“Initial GAAP” has the meaning specified in Section 1.03.

“Initial Issuing Bank” has the meaning specified in the preamble hereto.

“Interest Period” means, for each Eurocurrency Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurocurrency Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurocurrency Rate Advance and ending on the last day of the period selected by the Borrower requesting such Borrowing pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, and subject to clause (c) of this definition, nine or twelve months, as the Borrower may, upon notice received by the Agent not later than 10:00 A.M. (Hong Kong time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the Borrower may not select any Interest Period with respect to any Eurocurrency Rate Borrowing that ends after the Termination Date;

(b) Interest Periods commencing on the same date for Eurocurrency Rate Advances comprising part of the same Borrowing shall be of the same duration;

(c) the Borrower shall not be entitled to select an Interest Period having a duration of nine or twelve months unless, by 2:00 P.M. (Hong Kong time) on the third Business Day prior to the first day of such Interest Period, each Lender notifies the Agent that such Lender will be providing funding for such Borrowing with such Interest Period (the failure of any Lender to so respond by such time being deemed for all purposes of this Agreement as an objection by such Lender to the requested duration of such Interest Period); provided that, if any or all of the Lenders object to the requested duration of such Interest Period, the duration of the Interest Period for such Borrowing shall be one, two, three or six months, as specified by the Borrower requesting such Borrowing in the applicable Notice of Borrowing as the desired alternative to an Interest Period of nine or twelve months;

(d) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period of one, two, three, six, nine or twelve months to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;

(e) whenever the first day of any Interest Period of one, two, three, six, nine or twelve months occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar

month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month; and

(f) whenever the first day of any Interest Period of one, two, three, six, nine or twelve months occurs on the last Business Day of a calendar month, such Interest Period shall end on the last Business Day of the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“International Sales” has the meaning specified in the preamble hereto.

“Issuance” with respect to any Letter of Credit means the issuance, amendment, renewal or extension of such Letter of Credit.

“Issuing Bank” means an Initial Issuing Bank or any other Lender that expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank.

“KKR” means each of Kollberg Kravis Roberts & Co., L.P. and KKR Associates, L.P. and their Affiliates, collectively.

“L/C Cash Deposit Account” means an interest bearing cash deposit account to be established and maintained by the Agent, over which the Agent shall have sole dominion and control, upon terms as may be satisfactory to the Agent and the Issuing Banks.

“L/C Exposure” means as to any Lender, at any time, such Lender’s participation in, and obligation to reimburse the applicable Issuing Bank for drawings made under, each Letter of Credit outstanding at such time pursuant to Section 2.03(b).

“L/C Related Documents” has the meaning specified in Section 2.06(b)(i).

“Lender Insolvency Event” means that (i) a Lender or its Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (ii) such Lender or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its Parent Company, or such Lender or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment; provided, that a Lender Insolvency Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Lender or its Parent Company by a governmental authority or instrumentality thereof, so long as such ownership interest does not (i) result in or provide such Lender or its Parent Company with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender or its Parent Company (or such governmental authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person and (ii) prohibit such Lender from performing its obligations under this Agreement.

“Lenders” means each Initial Lender, each Issuing Bank, each Assuming Lender that shall become a party hereto pursuant to Section 2.18 and each Person that shall become a party hereto pursuant to Section 9.07.

“Letter of Credit” has the meaning specified in Section 2.01(b).

“Letter of Credit Agreement” has the meaning specified in Section 2.03(a).

“Letter of Credit Commitment” means as to any Lender (a) the Dollar amount set forth opposite such Lender’s name on Schedule I hereto as such Lender’s “Letter of Credit Commitment” or (b) if such Lender has entered into an Assignment and Acceptance, the Dollar amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(d) as such Lender’s “Letter of Credit Commitment”, as such amount may be reduced pursuant to Section 2.05.

“Letter of Credit Facility” means, at any time, an amount equal to the lesser of (a) \$40,000,000 and (b) the aggregate amount of the Revolving Credit Commitments.

“Lien” means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

“Loan Documents” means this Agreement, the Notes and each Letter of Credit.

“Loan Parties” means, collectively, the Borrower and each Guarantor.

“Material Adverse Change” means any material adverse change in the business, financial condition or operations of Holdings and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, financial condition or operations of Holdings, the Borrower and their Subsidiaries taken as a whole, (b) the rights and remedies available to the Lenders under this Agreement or any Note or (c) the ability of the Borrower to perform its obligations under this Agreement or any other Loan Document.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which Holdings or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“Multiple Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of Holdings or any ERISA Affiliate and at least one Person other than Holdings and the ERISA Affiliates or (b) was so maintained and in respect of which Holdings or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

“Non-Defaulting Lender” means, at any time, a Lender that is not a Defaulting Lender nor a Potential Defaulting Lender.

“Non-U.S. Lender” means any Lender that is not a “United States person” within the meaning of Section 7701(a)(30) of the Internal Revenue Code.

“Non-U.S. Loan Party” means each Loan Party that is not organized under the laws of the United States of America or any state thereof or the District of Columbia.

“Note” means a promissory note of the Borrower payable to the order of a Lender, delivered pursuant to a request made under Section 2.16 in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Advances made by such Lender.

“Notice of Issuance” has the meaning specified in Section 2.03(a).

“Notice of Borrowing” has the meaning specified in Section 2.02(a).

“Obligations” has the meaning specified in Section 7.01.

“Other Taxes” has the meaning specified in Section 2.14(b).

“Participant Register” has the meaning specified in Section 9.07(e).

“Parent” means Avago Technologies Limited, a company incorporated under the Singapore Companies Act.

“Parent Company” means, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001.

“PBGC” means the Pension Benefit Guaranty Corporation (or any successor).

“Permitted Liens” means: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law (and ordinary course of business contractual Liens in respect of such Liens), such as materialmen’s, mechanics’, carriers’, workmen’s, repairmen’s and landlord’s Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 90 days or are being contested in good faith by appropriate proceedings and for which adequate reserves are being maintained in accordance with GAAP; (c) pledges or deposits to directly or indirectly secure obligations under workers’ compensation laws, unemployment insurance laws or similar legislation or to directly or indirectly secure public or statutory obligations, including obligations to governmental entities in respect of value added taxes, duties, customs, excise taxes, franchises, licenses, rents and the like, or surety, customs or appeal bonds; (d) good faith deposits (or security for obligations in lieu of good faith deposits) to directly or indirectly secure bids, tenders, contracts or leases for a purpose other than borrowing money or obtaining credit, including rent or equipment lease security deposits, (e) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes, (f) contractual rights of setoff against (which may include grants

of Liens) or contractual Liens on, accounts or other property in transit to or in the possession of or maintained by the lienor, in the absence of any agreement to maintain a balance or deliver property against which such right may be exercised, and contractual rights of set-off against claims against the lienor, (g) Liens pursuant to supply or consignment contracts or otherwise for the receipt of goods or services, encumbering only the goods covered thereby, where the contracts are not overdue by more than 90 days or are being contested in good faith by appropriate proceedings and for which adequate reserves are being maintained in accordance with GAAP, (h) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under Section 6.01(f), (i) ground leases in respect of real property on which facilities owned or leased by the Borrower or any of its Subsidiaries are located that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes, (j) liens of a lessor or sublessor with respect to property under an operating lease and any restriction or encumbrance to which the interest or title of such lessor or sublessor may be subject that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes, and (k) so long as such liens do not secure Debt, liens arising under standard custodial, bailee or depositary arrangements (including deposit accounts with banks or other financial institutions).

“Permitted Sale Leaseback” mean any Sale Leaseback consummated by the Borrower or any Subsidiary after the Effective Date, provided that any such Sale Leaseback not between a Borrower and any Guarantor or any Guarantor and another Guarantor is consummated for fair value as determined at the time of consummation in good faith by the Borrower or such Subsidiary and, in the case of any Sale Leaseback (or series of related Sale Leasebacks) the aggregate proceeds of which exceed \$20,000,000, the board of directors of the Borrower or such Subsidiary (which such determination may take into account any retained interest or other investment of the Borrower or such Subsidiary in connection with, and any other material economic terms of, such Sale Leaseback).

“Person” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

“Plan” means a Single Employer Plan or a Multiple Employer Plan.

“Potential Defaulting Lender” means, at any time, (i) any Lender with respect to which an event of the kind referred to in the definition of “Lender Insolvency Event” has occurred and is continuing in respect of any financial institution affiliate of such Lender, (ii) any Lender that has notified, or whose Parent Company or a financial institution affiliate thereof has notified, the Agent, the Borrower or the Issuing Banks in writing, or has stated publicly, that such Parent Company or financial institution affiliate of such Lender does not intend to comply with its funding obligations under any other loan agreement or credit agreement or other financing agreement, unless such writing or statement states that such position is based on such Parent Company or financial institution affiliate of such Lender’s determination that one or more conditions precedent to funding cannot be satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing or public statement), or (iii) any Lender that has, or whose Parent Company has, a non-investment grade rating from Moody’s or S&P or another nationally recognized rating agency. Any determination by the Agent that a Lender is a Potential Defaulting Lender under any of clauses (i) through (iii) above will be conclusive and binding absent manifest error, and such Lender will be deemed a Potential Defaulting Lender (subject to Section 2.19(e)) upon notification of such determination by the Agent to the Borrower, the Issuing Banks and the Lenders.

“Proposed Increased Commitment” has the meaning specified in Section 2.18(b).

“Public Debt Rating” means, as of any date, the rating that has been most recently announced by either S&P or Moody’s, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower or, if no such Debt of the Borrower is then outstanding, the corporate credit rating most recently announced by either S&P or Moody’s, as the case may be, provided, if any such rating agency shall have issued more than one such rating, the lowest such rating issued by such rating agency. For purposes of the foregoing, (a) if only one of S&P and Moody’s shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the available rating; (b) if neither S&P nor Moody’s shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage will be set in accordance with Level 4 under the definition of “Applicable Margin” or “Applicable Percentage”, as the case may be; (c) if the ratings established by S&P and Moody’s shall fall within different levels, the Applicable Margin and the Applicable Percentage shall be based upon the higher rating unless such ratings differ by two or more levels, in which case the applicable level will be deemed to be one level above the lower of such levels; (d) if any rating established by S&P or Moody’s shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody’s shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody’s, as the case may be, shall refer to the then equivalent rating by S&P or Moody’s, as the case may be.

“Ratable Share” of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender’s Revolving Credit Commitment at such time (or, if the Revolving Credit Commitments shall have been terminated pursuant to Section 2.05 or 6.01, such Lender’s Revolving Credit Commitment as in effect immediately prior to such termination) and the denominator of which is the aggregate amount of all Revolving Credit Commitments at such time (or, if the Revolving Credit Commitments shall have been terminated pursuant to Section 2.05 or 6.01, the aggregate amount of all Revolving Credit Commitments as in effect immediately prior to such termination).

“Real Estate” means land, buildings and improvements owned or leased by any Loan Party, but excluding all operating fixtures and equipment, whether or not incorporated into improvements.

“Reference Banks” means Citibank, Barclays Bank PLC, Deutsche Bank AG New York Branch and DBS Bank Ltd.

“Register” has the meaning specified in Section 9.07(d).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Required Lenders” means at any time Lenders owed more than 50.0% of the then aggregate unpaid principal amount of the Revolving Credit Advances, or, if no such principal amount is then outstanding, Lenders having more than 50.0% of the Revolving Credit Commitments, provided that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time the Revolving Credit Commitment of such Lender at such time.



“Restricting Information” has the meaning specified in Section 9.09.

“Revolving Credit Advance” means an advance by a Lender to the Borrower as part of a Borrowing and refers to a Base Rate Advance or a Eurocurrency Rate Advance (each of which shall be a “Type” of Revolving Credit Advance).

“Revolving Credit Commitment” means as to any Lender (a) the Dollar amount set forth opposite such Lender’s name on Schedule I hereto as such Lender’s “Revolving Credit Commitment”, (b) if such Lender has become a Lender hereunder pursuant to an Assumption Agreement, the Dollar amount set forth in such Assumption Agreement or (c) if such Lender has entered into an Assignment and Acceptance, the Dollar amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(d) as such Lender’s “Revolving Credit Commitment”, as such amount may be reduced pursuant to Section 2.05 or increased pursuant to Section 2.18.

“Revolving Credit Facility” means, at any time, the aggregate amount of the Lenders’ Revolving Credit Commitments at such time.

“S&P” means Standard & Poor’s Financial Services LLC.

“Sale Leaseback” means any transaction or series of related transactions pursuant to which the Borrower or any Subsidiary (a) sells, transfers or otherwise disposes of any property, real or personal, whether now owned or hereafter acquired, and (b) as part of such transaction, thereafter rents or leases such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold, transferred or disposed.

“SEC” means the Securities and Exchange Commission.

“Silver Lake” means Silver Lake Partners and its Affiliates, collectively.

“Single Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of Holdings or any ERISA Affiliate and no Person other than Holdings and the ERISA Affiliates or (b) was so maintained and in respect of which Holdings or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

“Solvent” shall mean, with respect to the Borrower, that as of the Effective Date, both (i) (a) the sum of the Borrower’s debt (including contingent liabilities) does not exceed the present fair saleable value of the Borrower’s present assets; (b) the Borrower’s capital is not unreasonably small in relation to its business as contemplated on the Effective Date; and (c) the Borrower has not incurred and does not intend to incur, or believe that it will incur, debts including current obligations beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (ii) the Borrower is “solvent” within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

“Sponsors” means KKR, Silver Lake, and their respective Affiliates, collectively.

“Stock” shall mean shares of capital stock or shares in the capital, as the case may be (whether denominated as common stock or preferred stock or ordinary shares or preferred shares, as the case may be), beneficial, partnership or membership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity, whether voting or non-voting.

“Stock Equivalents” shall mean all securities convertible into or exchangeable for Stock and all warrants, options or other rights to purchase or subscribe for any Stock, whether or not presently convertible, exchangeable or exercisable.

“Subsidiary” of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person’s other Subsidiaries.

“Subsidiary Guarantor” means each Guarantor that is a Subsidiary of the Borrower.

“Taxes” shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings or other similar charges imposed by any governmental authority whether computed on a separate, consolidated, unitary, combined or other basis and any and all liabilities (including interest, fines, penalties or additions to tax) with respect to the foregoing.

“Termination Date” means the earlier of (i) March 31, 2015; provided, however, that if such date is not a Business Day, the Termination Date shall be the next preceding Business Day and (ii) the date of termination in whole of the Revolving Credit Commitments pursuant to Section 2.05 or 6.01.

“Type” has the meaning specified in the definition of “Revolving Credit Advance.”

“Unissued Letter of Credit Commitment” means, with respect to any Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit for the account of the Borrower or its specified Subsidiaries in an amount equal to the excess of (a) the amount of its Letter of Credit Commitment over (b) the aggregate Available Amount of all Letters of Credit issued by such Issuing Bank.

“Unused Revolving Credit Commitment” means, with respect to each Lender at any time, (a) such Lender’s Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Revolving Credit Advances made by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii) such Lender’s Ratable Share of (A) the aggregate Available Amount of all the Letters of Credit outstanding at such time and (B) the aggregate principal amount of all Advances outstanding at such time made by each Issuing Bank pursuant to Section 2.03(c) that have not been funded by such Lender.

“U.S. Inc.” has the meaning specified in the preamble hereto.

“U.S. Loan Party” means each Loan Party other than a Non-U.S. Loan Party.

“Voting Stock” means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right to so vote has been suspended by the happening of such a contingency.

“Yen” and the sign “¥” each mean the lawful money of Japan.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles as in effect in the United States from time to time (“GAAP”), provided that (a) if there is any change in GAAP from such principles applied in the preparation of the audited financial statements referred to in Section 4.01(j) (“Initial GAAP”), that is material in respect of the calculation of compliance with the covenants set forth in Section 5.02 or 5.03, the Borrower shall give prompt notice of such change to the Agent and the Lenders and (b) if the Borrower notifies the Agent that the Borrower requests an amendment of any provision hereof to eliminate the effect of any change in GAAP (or the application thereof) from Initial GAAP (or if the Agent or the Required Lenders request an amendment of any provision hereof for such purpose), regardless of whether such notice is given before or after such change in GAAP (or the application thereof), then such provision shall be applied on the basis of such generally accepted accounting principles as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision is amended in accordance herewith.

Unless otherwise provided, dollar (\$) baskets set forth in the representations and warranties, covenants and events of default provisions of this Agreement (and other similar baskets (it being understood that this sentence does not apply to Article II of this Agreement)) are calculated as of each date of measurement by the Dollar Equivalents thereof as of such date of measurement; provided that if any such baskets are exceeded solely as a result of fluctuations in applicable currency exchange rates after the last time such baskets were accessed, such baskets will not be deemed to have been exceeded solely as a result of such fluctuations in currency exchange rates.

## ARTICLE II

### AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

SECTION 2.01. The Advances and Letters of Credit. (a) The Revolving Credit Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an amount not to exceed such Lender’s Unused Revolving Credit Commitment. Each Borrowing shall be in an amount not less than the Borrowing Minimum or a Borrowing Multiple in excess thereof and shall consist of Revolving Credit Advances of the same Type made on the same day by the Lenders ratably according to their respective Revolving Credit Commitments. Within the limits of each Lender’s Revolving Credit Commitment, the Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.10 and reborrow under this Section 2.01(a).

(b) Letters of Credit. The Borrower may request any Issuing Bank to issue, and such Issuing Bank may, if in its reasonable discretion it elects to do so, on the terms and conditions hereinafter set forth and in reliance upon the agreements of the other Lenders set forth in this Agreement, to issue standby letters of credit (each, a "Letter of Credit") denominated in Dollars or any Alternate Currency for the account of the Borrower or its specified Subsidiaries from time to time on any Business Day during the period from the Effective Date until 10 days before the Termination Date with the Dollar Equivalent of the aggregate Available Amount (i) for all Letters of Credit not to exceed at any time the Letter of Credit Facility at such time, (ii) for all Letters of Credit issued by such Issuing Bank not to exceed at any time the Letter of Credit Commitment of such Issuing Bank and (iii) for each such Letter of Credit not to exceed an amount equal to the Unused Revolving Credit Commitments of the Lenders at such time. No Letter of Credit shall have an expiration date (including all rights of the Borrower or the beneficiary to require renewal) later than the earlier of (x) one year after the Issuance thereof (or one year after its renewal or extension) or such longer period as may be agreed by the applicable Issuing Bank and (y) five Business Days before the Termination Date. Within the limits referred to above, the Borrower may from time to time request the Issuance of Letters of Credit under this Section 2.01(b).

SECTION 2.02. Making the Advances. (a) Each Borrowing shall be made on notice, given not later than (x) 12:00 Noon (Hong Kong time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurocurrency Rate Advances or (y) 12:00 Noon (Hong Kong time) on the Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by the Borrower to the Agent which shall give to each Lender prompt notice thereof by facsimile. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telephone, confirmed immediately in writing, or facsimile in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing and (iv) in the case of a Borrowing consisting of Eurocurrency Rate Advances, initial Interest Period. Each Lender shall, before 12:00 Noon (Hong Kong time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the account specified in the wiring instructions in the applicable Notice of Borrowing or, if no account is so specified, at the Agent's address referred to in Section 9.02.

(b) Anything in subsection (a) above to the contrary notwithstanding, the Borrower may not select Eurocurrency Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than the Borrowing Minimum or if the obligation of the Lenders to make Eurocurrency Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurocurrency Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding any loss of Applicable Margin on the relevant Eurocurrency Rate Advance), cost or expense reasonably incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the time of any Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on

the date of such Borrowing in accordance with subsection (a) of this Section 2.02, and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the higher of (A) the interest rate applicable at the time to the Advances comprising such Borrowing and (B) the cost of funds incurred by the Agent in respect of such amount and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing. The rights of each Lender under or in connection with the Loan Documents are separate and independent rights and any Debt arising under the Loan Documents to a Lender from a Loan Party shall be a separate and independent Debt.

SECTION 2.03. Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) Request for Issuance. (i) Each Letter of Credit shall be issued upon notice, given not later than 12:00 Noon (Hong Kong time) on the fifth Business Day prior to the date of the proposed Issuance of such Letter of Credit (or on such shorter notice as the applicable Issuing Bank may agree), by the Borrower to any Issuing Bank (with a copy to the Agent). Each such notice by the Borrower requesting the Issuance of a Letter of Credit (a "Notice of Issuance") shall be by facsimile, specifying therein the requested (A) date of such Issuance (which shall be a Business Day), (B) Available Amount and currency of such Letter of Credit, (C) expiration date of such Letter of Credit (which shall not be later than the earlier of (1) one year after the Issuance thereof (or one year after its renewal or extension) unless otherwise agreed upon by the Agent and the applicable Issuing Bank and (2) five Business Days before the Termination Date), (D) name and address of the beneficiary of such Letter of Credit and (E) form of such Letter of Credit. Such Letter of Credit shall be issued pursuant to such application and agreement for letter of credit as such Issuing Bank and the Borrower shall agree for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"). If the requested form of such Letter of Credit is acceptable to such Issuing Bank in its reasonable discretion (it being understood that any such form shall have only explicit documentary conditions to draw and shall not include discretionary conditions), such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Section 3.02, make such Letter of Credit available to the Borrower at its office referred to in Section 9.02 or as otherwise agreed with the Borrower in connection with such Issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b) Participations. By the Issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing or decreasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Ratable Share of the Available Amount of such Letter of Credit. The Borrower hereby agrees to each such participation. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent in Dollars, for the account of such Issuing Bank, in same day funds, the Dollar Equivalent of such Lender's Ratable Share of each drawing made under a Letter of Credit funded by such Issuing Bank and not reimbursed by the Borrower on the date made, or of any reimbursement payment required to be refunded to the Borrower for any reason, which amount will be advanced, and deemed to be a Revolving Credit Advance to the Borrower hereunder, regardless of the

satisfaction of the conditions set forth in Section 3.02. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Ratable Share of the Available Amount of such Letter of Credit at each time such Lender's Revolving Credit Commitment is amended pursuant to a Commitment Increase pursuant to Section 2.18, an assignment in accordance with Section 9.07 or otherwise pursuant to this Agreement.

(c) Drawing and Reimbursement. The payment by an Issuing Bank of a draft drawn under any Letter of Credit which is not reimbursed by the Borrower prior to 10:00 A.M. (Hong Kong time) on the date made shall constitute for all purposes of this Agreement the making by any such Issuing Bank of a Revolving Credit Advance, which shall be a Base Rate Advance, in the amount of the Dollar Equivalent of such draft, without regard to whether the making of such an Advance would exceed such Issuing Bank's Unused Revolving Credit Commitment. Each Issuing Bank shall give prompt notice of each drawing under any Letter of Credit issued by it to the Borrower and the Agent. Upon written demand by such Issuing Bank, with a copy of such demand to the Agent and the Borrower, each Lender shall pay to the Agent in Dollars such Lender's Ratable Share of such outstanding Revolving Credit Advance pursuant to Section 2.03(b). Each Lender acknowledges and agrees that its obligation to make Revolving Credit Advances pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Promptly after receipt thereof, the Agent shall transfer such funds to such Issuing Bank. Each Lender agrees to fund its Ratable Share of an outstanding Revolving Credit Advance on (i) the Business Day on which demand therefor is made by such Issuing Bank, provided that notice of such demand is given not later than 11:00 A.M. (Hong Kong time) on such Business Day, or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. If and to the extent that any Lender shall not have so made the amount of such Revolving Credit Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by any such Issuing Bank until the date such amount is paid to the Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Lender shall pay to the Agent such amount for the account of any such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Revolving Credit Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Revolving Credit Advance made by such Issuing Bank shall be reduced by such amount on such Business Day.

(d) Letter of Credit Reports. Each Issuing Bank shall furnish (A) to the Agent (with a copy to the Borrower) on the first Business Day of each month a written report summarizing Issuance and expiration dates of Letters of Credit issued by such Issuing Bank during the preceding month and drawings during such month under all Letters of Credit and (B) to the Agent (with a copy to the Borrower) on the first Business Day of each calendar quarter a written report setting forth the Dollar Equivalent of the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit issued by such Issuing Bank.

(e) Failure to Make Advances. The failure of any Lender to make the Advance to be made by it on the date specified in Section 2.03(c) shall not relieve any other Lender of its obligation

hereunder to make its Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on such date.

SECTION 2.04. Fees. (a) Commitment Fee. The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee on such Lender's Unused Revolving Credit Commitment from the date hereof in the case of each Initial Lender and from the effective date specified in the Assumption Agreement or in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the Termination Date at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing March 31, 2011, and on the later of the Termination Date and the date all Advances are paid in full; provided that no Defaulting Lender shall be entitled to receive any commitment fee in respect of its Unused Revolving Credit Commitment for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(b) Letter of Credit Fees. (i) The Borrower shall pay to the Agent for the account of each Lender a commission on such Lender's Ratable Share of the average daily aggregate Available Amount of all Letters of Credit issued for the account of the Borrower and outstanding from time to time at a rate per annum equal to the Applicable Margin for Eurocurrency Rate Advances in effect from time to time during such calendar quarter, payable in arrears quarterly on the last day of each March, June, September and December, commencing March 31, 2011 and on the Termination Date; provided, that no Defaulting Lender shall be entitled to receive any commission in respect of Letters of Credit for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay such commission to that Defaulting Lender but shall pay such commission as set forth in Section 2.19); provided, further, that the Applicable Margin shall be 2% above the Applicable Margin in effect upon the occurrence and during the continuation of an Event of Default if the Borrower is required to pay Default Interest pursuant to Section 2.07(b).

(ii) The Borrower shall pay to the Agent for the account of each Issuing Bank, a fronting fee equal to 0.15% *per annum*, times the average daily Available Amount of each Letter of Credit issued by such Issuing Bank, payable in arrears quarterly on the last day of each March, June, September and December, commencing March 31, 2011.

(iii) The Borrower shall pay to each Issuing Bank, for its own account, such other commissions, issuance fees, transfer fees and other fees and charges in connection with the Issuance or administration of each Letter of Credit as the Borrower and such Issuing Bank shall agree.

(c) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.05. Termination or Reduction of the Commitments. (a) Optional Ratable Termination or Reduction. The Borrower shall have the right, upon at least three Business Days' notice to the Agent (or such shorter period as may be agreed to by the Agent), to terminate in whole or permanently reduce ratably in part the Unused Revolving Credit Commitments or the Unissued Letter of Credit Commitments, provided that each partial reduction of a Facility (i) shall be in the aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and (ii) shall be made ratably among the Lenders in accordance with their Commitments.

(b) Termination of Defaulting Lender. The Borrower may terminate the Unused Revolving Credit Commitment of any Lender that is a Defaulting Lender (determined after giving effect

to any reallocation of participations in Letters of Credit as provided in Section 2.19) upon prior notice of not less than one Business Day to the Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 2.19(b)(iii) shall apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, facility fees, Letter of Credit commissions or other amounts), provided that such termination shall not be deemed to be a waiver or release of any claim the Borrower, the Agent, any Issuing Bank or any Lender may have against such Defaulting Lender.

SECTION 2.06. Repayment of Advances and Letter of Credit Drawings. (a) Revolving Credit Advances. The Borrower shall repay to the Agent for the ratable account of the Lenders on the Termination Date the aggregate principal amount of the Revolving Credit Advances made to it and then outstanding.

(b) Letter of Credit Drawings. The obligations of the Borrower under any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit issued for the account of the Borrower shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances (it being understood that any such payment by the Borrower is without prejudice to, and does not constitute a waiver of, any rights the Borrower might have or might acquire as a result of the payment by any Issuing Bank of any draft or the reimbursement by the Borrower thereof, including as provided in Section 9.14):

(i) any lack of validity or enforceability of this Agreement, any Note, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(iii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), any Issuing Bank, the Agent, any Lender or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the obligations of the Borrower in respect of the L/C Related Documents; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or a guarantor.



The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of an Issuing Bank, such Issuing Bank shall be deemed to have exercised reasonable care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, an Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

SECTION 2.07. Interest on Advances. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance made to it and owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Revolving Credit Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurocurrency Rate Advances. During such periods as such Revolving Credit Advance is a Eurocurrency Rate Advance, a rate per annum equal at all times during each Interest Period for such Eurocurrency Rate Advance to the sum of (x) the Eurocurrency Rate for such Interest Period for such Eurocurrency Rate Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurocurrency Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a) or (e), the Borrower shall pay interest ("Default Interest") on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a) (i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above; provided, however, that following acceleration of the Advances pursuant to Section 6.01, Default Interest shall accrue and be payable hereunder whether or not previously required by the Agent.

SECTION 2.08. Interest Rate Determination. (a) Each Reference Bank agrees, if requested by the Agent, to furnish to the Agent timely information for the purpose of determining each Eurocurrency Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.07(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.07(a)(ii).

(b) If, with respect to any Eurocurrency Rate Borrowing, the Lenders owed more than 50.0% of the aggregate principal amount thereof notify the Agent that (i) they are unable to obtain

matching deposits in the London inter-bank market at or about 11:00 A.M. (London time) on the second Business Day before the making of a Borrowing in sufficient amounts to fund their respective Eurocurrency Rate Advances as a part of such Borrowing during its Interest Period or (ii) the Eurocurrency Rate for any Interest Period for such Advances will not adequately reflect the cost to such Lenders of making, funding or maintaining their respective Eurocurrency Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon (A) the Borrower of such Eurocurrency Rate Advances will, on the last day of the then existing Interest Period therefor, either (1) prepay such Advances or (2) Convert such Advances into Base Rate Advances and (B) the obligation of the Lenders to make, or to Convert Revolving Credit Advances into, Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurocurrency Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurocurrency Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than the Borrowing Minimum, such Advances shall automatically Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default, (i) each Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, be Converted into Base Rate Advances and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended.

(f) If Reuters LIBOR01 Page is unavailable and fewer than two Reference Banks furnish timely information to the Agent for determining the Eurocurrency Rate for any Eurocurrency Rate Advances after the Agent has requested such information,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurocurrency Rate Advances,

(ii) each such Advance will automatically, on the last day of the then existing Interest Period therefor Convert into a Base Rate Advance, and

(iii) the obligation of the Lenders to make Eurocurrency Rate Advances or to Convert Advances comprising a Borrowing into Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

**SECTION 2.09. Optional Conversion of Advances.** The Borrower may on any Business Day, upon notice given to the Agent not later than 12:00 Noon (Hong Kong time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, Convert all or any portion of the Advances made as a part of a Borrowing of one Type comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of Eurocurrency Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurocurrency Rate Advances, any Conversion of Base Rate Advances into Eurocurrency Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and each Conversion of Advances comprising part of the same Borrowing shall be made ratably among the

Lenders in accordance with their Commitments. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted, and (iii) if such Conversion is into Eurocurrency Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

**SECTION 2.10. Prepayments of Advances. Optional.** (a) The Borrower may, upon irrevocable notice not later than 10:00 A.M. (Hong Kong time) three Business Days prior to the date of such prepayment (or such shorter period as may be agreed to by the Agent), which notice shall be by telephone, confirmed immediately in writing, or facsimile, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (i) each partial prepayment of Revolving Credit Advances shall be in an aggregate principal amount of not less than the Borrowing Minimum or an Borrowing Multiple in excess thereof and (ii) in the event of any such prepayment of a Eurocurrency Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.04(c).

(b) **Mandatory.** (i) If, on any date, the Agent notifies the Borrower that, on any interest payment date, the sum of (A) the aggregate principal amount of all Revolving Credit Advances plus (B) the Dollar Equivalent (determined on the third Business Day prior to such interest payment date) of the aggregate Available Amount of all Letters of Credit then outstanding exceeds 103% of the aggregate Revolving Credit Commitments on such date, the Borrower shall, as soon as practicable and in any event within two Business Days after receipt of such notice, prepay the outstanding principal amount of any Advances owing by the Borrower in an aggregate amount sufficient to reduce such sum to an amount not to exceed 100% of the aggregate Revolving Credit Commitments of the Lenders on such date. If any such excess remains after repayment in full of the aggregate outstanding Advances, the Borrower shall provide cash collateral in the manner set forth in Section 6.02 in an amount equal to 105% of such excess.

(ii) If on any date, the Agent notifies the Borrower that, on any interest payment date, the Dollar Equivalent (determined on the third Business Day prior to such interest payment date) of the aggregate Available Amount of all Letters of Credit then outstanding exceeds 103% of the aggregate Letter of Credit Commitments on such date, the Borrower shall, as soon as practicable and in any event within two Business Days after receipt of such notice, provide cash collateral in the manner set forth in Section 6.02 in an amount equal to 105% of such excess.

(iii) Each prepayment made pursuant to this Section 2.10(b) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Eurocurrency Rate Advance on a date other than the last day of an Interest Period or at its maturity, any additional amounts which the Borrower shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 9.04(c).

(iv) The Agent shall calculate on the date of each Notice of Borrowing or Notice of Issuance and on each interest payment date the sum of (A) the aggregate principal amount of all Revolving Credit Advances plus (B) the Dollar Equivalent of the aggregate Available Amount of all Letters of Credit then outstanding and shall give prompt notice (and in any event no later than thirty days) of any prepayment required under this Section 2.10(b) to the Borrower and the Lenders.

**SECTION 2.11. Increased Costs.** (a) If, due to either (i) the introduction or phase in of or any change in or in the interpretation of any law, rule, guideline, decision, directive, treaty or regulation or (ii) the compliance with any guideline or request from any central bank or other

governmental authority including, without limitation, any agency of the European Union or similar monetary or multinational authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Advances or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit (excluding for purposes of this Section 2.11 any such increased costs resulting from (i) Indemnified Taxes or Other Taxes (as to which Section 2.14 shall govern) and (ii) the imposition of, or any change in the basis or rate of, any Excluded Tax (A) described in paragraphs (a)(i), (b), (c) or (d) of the definition of Excluded Taxes or (B) described in paragraph (a)(ii) of the definition of Excluded Taxes to the extent such Tax is imposed on gross or net income, profits or revenue (including value-added or similar taxes), that is payable by such Lender), then the Borrower shall from time to time, promptly upon receipt of a written request by such Lender (with a copy of such request to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost; provided, however, that before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend or to issue or participate in Letters of Credit hereunder and other commitments of such type or the Issuance or maintenance of or participation in the Letters of Credit (or similar contingent obligations), then, promptly upon receipt of a written request by such Lender (with a copy of such request to the Agent), the Borrower shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend or to issue or participate in Letters of Credit hereunder or to the Issuance or maintenance of or participation in any Letters of Credit. A certificate as to such amounts submitted to the Borrower and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) Notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, guidelines or directives concerning capital adequacy promulgated thereunder or promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, are deemed to have been introduced or adopted after the date hereof, regardless of the date adopted, issued, promulgated or implemented.

SECTION 2.12. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make Eurocurrency Rate Advances in Dollars or to fund or maintain Eurocurrency Rate Advances in Dollars hereunder, (a) each Eurocurrency Rate Advance will automatically, upon such demand be Converted into a Base Rate Advance and (b) the obligation of the Lenders to make Eurocurrency Rate Advances or to Convert Revolving Credit Advances into Eurocurrency Rate Advances shall be suspended until the Agent

shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist; provided, however, that before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Eurocurrency Lending Office if the making of such designation would allow such Lender or its Eurocurrency Lending Office to continue to perform its obligations to make Eurocurrency Rate Advances or to continue to fund or maintain Eurocurrency Rate Advances and would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender.

**SECTION 2.13. Payments and Computations.** (a) The Borrower shall make each payment hereunder, irrespective of any right of counterclaim or set-off, not later than 12:00 Noon. (Hong Kong time) on the day when due in Dollars to the Agent at the Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest, fees or commissions ratably (other than amounts payable pursuant to Section 2.03, 2.04(b), 2.11, 2.14 or 9.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office (if to any Initial Lender, to the account set forth opposite its name on Schedule I hereto; if to any other Lender, to the account specified in its Administrative Questionnaire), in each case to be applied in accordance with the terms of this Agreement. Upon any Assuming Lender becoming a Lender hereunder as a result of a Commitment Increase pursuant to Section 2.18 and upon the Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Increase Date, the Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 9.07(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurocurrency Rate or the Federal Funds Rate and of fees and Letter of Credit commissions shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest, fee or commission, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date

such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

(e) To the extent that the Agent receives funds for application to the amounts owing by the Borrower under or in respect of this Agreement or any Note in currencies other than the currency or currencies required to enable the Agent to distribute funds to the Lenders in accordance with the terms of this Section 2.13, the Agent shall be entitled to convert or exchange such funds into Dollars to the extent necessary to enable the Agent to distribute such funds in accordance with the terms of this Section 2.13; provided that the Borrower and each of the Lenders hereby agree that the Agent shall not be liable or responsible for any loss, cost or expense suffered by the Borrower or such Lender as a result of any conversion or exchange of currencies affected pursuant to this Section 2.13(e) or as a result of the failure of the Agent to effect any such conversion or exchange; and provided further that the Borrower agrees to indemnify the Agent and each Lender, and hold the Agent and each Lender harmless, for any and all losses, costs and expenses incurred by the Agent or any Lender for any conversion or exchange of currencies (or the failure to convert or exchange any currencies) in accordance with this Section 2.13(e), absent gross negligence or willful misconduct on the part of the Agent or such Lender, respectively.

(f) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by the Loan Parties under the Loan Documents, the Agent shall apply that payment towards the obligations of the Loan Parties under the Loan Documents in the following order:

**first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent and the Arrangers under the Loan Documents;

**second**, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;

**third**, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

**fourth**, in or towards payment pro rata of any other sum due but unpaid under the Loan Documents.

The Agent shall, if so directed by the Required Lenders, vary the order set out above.

SECTION 2.14. Taxes. (a) Any and all payments by the Borrower to or for the account of any Lender or the Agent hereunder or under the Notes or any other documents to be delivered hereunder shall be made, in accordance with Section 2.13 or the applicable provisions of such other documents, free and clear of and without deduction for any and all Indemnified Taxes. If the Borrower shall be required by law to deduct any Indemnified Taxes from or in respect of any sum payable hereunder or under any Note or any other documents to be delivered hereunder to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other governmental authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made

hereunder or under the Notes or any other documents to be delivered hereunder or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes or any other documents to be delivered hereunder (hereinafter referred to as “Other Taxes”).

(c) The Borrower shall indemnify each Lender and the Agent for and hold it harmless against the full amount of Indemnified Taxes (including, without limitation, Indemnified Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 2.14) imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto other than such liability (including penalties, interest and expenses) attributable to the acts of or failure to act by such Lender. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor. Upon request from the Borrower, the Lender or Agent (as the case may be) shall provide the Borrower with such information and documentation as to the calculation of the indemnification payment as the Borrower may reasonably request.

(d) Within 30 days after the date of any payment of Indemnified Taxes, the Borrower shall furnish to the Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing such payment to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Agent.

(e) (i) Each Lender shall deliver documentation prescribed by applicable law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether such Lender is subject to United States federal backup withholding or information reporting requirements.

(ii) Without limiting the generality of the foregoing, each Lender other than a Non-U.S. Lender shall deliver, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, (and promptly from time to time thereafter if any form previously delivered becomes inaccurate or upon the request of the Borrower or the Agent), a properly completed Internal Revenue Service Form W-9 to the Borrower and the Agent certifying that such Person is exempt from United States backup withholding tax on payments made under the Agreement.

(iii) In addition, each Non-U.S. Lender, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall deliver to the Borrower and the Agent two properly completed and duly executed copies of (x) Internal Revenue Service Form W-8BEN, W-8ECI and/or W-8IMY, as applicable, together with any necessary attachments, or an applicable successor form or (y) in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Internal Revenue Code with respect to payments of “portfolio interest,” Internal Revenue Service Form W-8BEN (together with a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Internal Revenue Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Internal Revenue Code)).

(iv) If a payment made to a Lender hereunder would be subject to United States federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower or the Agent to comply with its obligations under FATCA, to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. A Lender shall not be entitled to payment or indemnification under Section 2.14(a) or (c) with respect to Taxes imposed by the United States by reason of FATCA.

(f) Each Lender shall, upon request by the Borrower or the Agent, deliver to the Borrower or the applicable governmental authority (with a copy to the Agent), as the case may be, any form or certificate required in order that any payment made under this Agreement or the Notes to the Lender or Agent may be made free and clear of, and without deduction or withholding for or on account of, any Taxes (or to allow any such deduction or withholding to be made at a reduced rate), provided that the Lender or Agent, as the case may be, is legally entitled to complete, execute and deliver such form or certificate and, in the case of jurisdictions other than Singapore, the execution and delivery of such form would not, in the good faith reasonable judgment of such Lender or Agent, cause such Lender and its Applicable Lending Office to suffer economic, legal, or regulatory disadvantage. Each Person that shall become a Lender or a participant pursuant to Section 9.07 shall, upon the effectiveness of the related transfer, be required to provide all of the forms, certifications and statements pursuant to this Section 2.14, provided that in the case of a participant the obligations of such participant pursuant to clauses (e) or (f) of this Section 2.14 shall be determined as if such participant were a Lender except that such participant shall furnish all such required forms, certifications and statements to the Lender from which the related participation shall have been purchased. If any form or document referred to in this subsection (f) requires the disclosure of information that the Lender or participant reasonably considers to be confidential, the Lender or participant shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.14 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Eurocurrency Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(h) If the Borrower determines in good faith that a reasonable basis exists for contesting any taxes for which indemnification has been demanded hereunder, the relevant Lender or the Agent, as applicable, shall cooperate with the Borrower in challenging such taxes at the Borrower's expense if so requested by the Borrower. If an additional payment is made under subsection (a) or (c) above for the account of any Lender and such Lender, in its sole discretion (exercising good faith), determines that it has finally and irrevocably received or been granted a credit against or release or remission for, or refund of, any tax paid or payable by it in respect of or calculated with reference to the deduction or withholding giving rise to such payment, such Lender shall, to the extent that it determines that it can do so without prejudice to the retention of the amount of such credit, relief, remission or refund, pay to the Borrower such amount as the Lender shall, in its sole discretion (exercising good faith), have determined to be attributable to such deduction or withholding and which will leave such Lender



(after such payment) in no worse position than it would have been in if the Borrower had not been required to make such deduction or withholding. Such Lender shall provide to the Borrower reasonable information regarding any creditable amounts or refunds it expects to receive, and the expected time for receiving such credit or refund. A Lender or the Agent shall claim any refund that it determines is available to it, unless it concludes in its reasonable discretion that it would be adversely affected by making such a claim. This Section 2.14(h) shall not be construed to require the Agent or any Lender to disclose tax returns, any information relating to its tax affairs or any computations in respect thereof.

SECTION 2.15. Sharing of Payments. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than (x) as payment of an Advance made by an Issuing Bank pursuant to the first sentence of Section 2.03(c) or (y) pursuant to Section 2.11, 2.14, 2.19 or 9.04(c)) in excess of its pro rata share of payments on account of the Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.16. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Advances. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Agent) to the effect that a Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Note in substantially the form of Exhibit A hereto, payable to the order of such Lender in a principal amount equal to the Revolving Credit Commitment of such Lender.

(b) The Register maintained by the Agent pursuant to Section 9.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assumption Agreement and each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the

Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.17. Use of Proceeds. The proceeds of the Advances (i) made on the Effective Date shall be available (and the Borrower agrees that it shall use such proceeds) to prepay any amounts outstanding under the Existing Credit Agreement, if any, and (ii) following the Effective Date shall be available (and the Borrower agrees that it shall use such proceeds) solely for general corporate purposes (including permitted acquisitions, investments and commercial paper backstop) of the Borrower and its Subsidiaries.

SECTION 2.18. Increase in the Aggregate Revolving Credit Commitments. (a) The Borrower may, at any time, by delivery of an Increase Notice to the Agent, request that the aggregate amount of the Revolving Credit Commitments be increased by an amount of at least \$25,000,000 or an integral multiple thereof (each a "Commitment Increase") to be effective as of a date that is at least 10 days prior to the scheduled Termination Date (the "Increase Date") as specified in the related Increase Notice; provided, however that (i) in no event shall the aggregate amount of the Revolving Credit Commitments at any time exceed \$300,000,000 and (ii) on the date of any request by the Borrower for a Commitment Increase and on the related Increase Date, before and after giving effect to such Commitment Increase, (x) all representations and warranties of the Borrower and the Guarantors in the Loan Documents shall be true and correct in all material respects (unless such representation and warranty is qualified by materiality, in which case such representation and warranty shall be true and correct in all respects) as of such date as though made on and as of such date (unless such representation and warranty relates to an earlier date, in which case such representation and warranty was true and correct in all material respects as of such earlier date) and (y) no Default or Event of Default has occurred and is continuing.

(b) The Agent shall promptly notify the Lenders of a request by the Borrower for a Commitment Increase, which notice shall include (i) the proposed amount of such requested Commitment Increase, (ii) the proposed Increase Date and (iii) the date by which Lenders wishing to participate in the Commitment Increase must commit to an increase in the amount of their respective Revolving Credit Commitments (the "Commitment Date"), which Commitment Date shall be 10 Business Days after the date on which the Agent received the Increase Notice. No Lender shall have any obligation to participate in any Commitment Increase. Each Lender that is willing to participate in such requested Commitment Increase (each an "Increasing Lender") shall, in its sole discretion, give written notice to the Agent on or prior to the Commitment Date of the amount (the "Proposed Increased Commitment") by which it is willing to increase its Revolving Credit Commitment. If the Lenders notify the Agent that they are willing to increase the amount of their respective Revolving Credit Commitments by an aggregate amount that exceeds the amount of the requested Commitment Increase, the requested Commitment Increase shall be allocated among the Increasing Lenders in proportion to their respective Proposed Increased Commitments.

(c) Promptly following each Commitment Date, the Agent shall notify the Borrower as to the amount, if any, by which the Lenders are willing to participate in the requested Commitment Increase. If the aggregate amount by which the Lenders are willing to participate in any requested Commitment Increase on any such Commitment Date is less than the requested Commitment Increase, then the Borrower may extend offers to one or more Eligible Assignees to participate in any portion of the requested Commitment Increase that has not been committed to by the Lenders as of the applicable Commitment Date; provided, however, that the Revolving Credit Commitment of each such Eligible Assignee shall be in an amount of \$5,000,000 or more.

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(d) On each Increase Date, each Eligible Assignee that accepts an offer to participate in a requested Commitment Increase in accordance with Section 2.18(c) (each such Eligible Assignee, an “Assuming Lender”) shall become a Lender party to this Agreement as of such Increase Date and the Revolving Credit Commitment of each Increasing Lender for such requested Commitment Increase shall be so increased by such amount (or by the amount allocated to such Lender pursuant to the last sentence of Section 2.18(b)) as of such Increase Date; provided, however, that the Agent shall have received on or before such Increase Date the following, each dated such date:

- (i) (A) certified copies of resolutions of the board of directors of the Borrower approving the Commitment Increase and the corresponding modifications to this Agreement and (B) an opinion of counsel for the Borrower, in substantially the form of Exhibit G hereto;
- (ii) an Assumption Agreement from each Assuming Lender, if any, duly executed by such Eligible Assignee, the Agent and the Borrower; and
- (iii) confirmation from each Increasing Lender of the increase in the amount of its Revolving Credit Commitment in a writing satisfactory to the Borrower and the Agent.

On each Increase Date, upon fulfillment of the conditions set forth in the immediately preceding sentence of this Section 2.18(d), the Agent shall notify the Lenders (including, without limitation, each Assuming Lender) and the Borrower, on or before 12:00 Noon (Hong Kong time), by facsimile, of the occurrence of the Commitment Increase to be effected on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date. Each Increasing Lender and each Assuming Lender shall, before 2:00 P.M. (Hong Kong time) on the Increase Date, make available for the account of its Applicable Lending Office to the Agent at the Agent’s Account, in same day funds, in the case of such Assuming Lender, an amount equal to such Assuming Lender’s ratable portion of the Borrowings then outstanding (calculated based on its Revolving Credit Commitment as a percentage of the aggregate Revolving Credit Commitments outstanding after giving effect to the relevant Commitment Increase) and, in the case of such Increasing Lender, an amount equal to the excess of (i) such Increasing Lender’s ratable portion of the Borrowings then outstanding (calculated based on its Revolving Credit Commitment as a percentage of the aggregate Revolving Credit Commitments outstanding after giving effect to the relevant Commitment Increase) over (ii) such Increasing Lender’s ratable portion of the Borrowings then outstanding (calculated based on its Revolving Credit Commitment (without giving effect to the relevant Commitment Increase) as a percentage of the aggregate Revolving Credit Commitments (without giving effect to the relevant Commitment Increase)). After the Agent’s receipt of such funds from each such Increasing Lender and each such Assuming Lender, the Agent will promptly thereafter cause to be distributed like funds to the other Lenders for the account of their respective Applicable Lending Offices in an amount to each other Lender such that the aggregate amount of the outstanding Revolving Credit Advances owing to each Lender after giving effect to such distribution equals such Lender’s ratable portion of the Borrowings then outstanding (calculated based on its Revolving Credit Commitment as a percentage of the aggregate Revolving Credit Commitments outstanding after giving effect to the relevant Commitment Increase). In the event of any such distribution with respect to a Eurocurrency Rate Advance, the Borrower shall be obligated to reimburse the applicable Lenders in respect thereof pursuant to Section 9.04(c).

SECTION 2.19. Defaulting Lenders. (a) If any Lender becomes, and during the period it remains, a Defaulting Lender or a Potential Defaulting Lender, if any Letter of Credit is at the time outstanding, any Issuing Bank may (except, in the case of a Defaulting Lender, to the extent the Commitments have been fully reallocated pursuant to Section 2.19(b)), by notice to the Borrower and such Defaulting Lender or Potential Defaulting Lender through the Agent, require the Borrower to Cash Collateralize the obligations of the Borrower to each Issuing Bank in respect of such Letter of Credit in an

amount at least equal to 100% of the aggregate amount of the unallocated obligations (contingent or otherwise) of such Defaulting Lender or such Potential Defaulting Lender to be applied pro rata in respect thereof, or to make other arrangements satisfactory to the Agent, and to any Issuing Bank in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender or Potential Defaulting Lender.

(b) If a Lender becomes, and during the period it remains, a Defaulting Lender, the following provisions shall apply with respect to any outstanding L/C Exposure of such Defaulting Lender:

(i) the L/C Exposure of such Defaulting Lender will, subject to the limitation in the first proviso below, automatically be reallocated (effective on the day such Lender becomes a Defaulting Lender) among the Non-Defaulting Lenders pro rata in accordance with their respective Commitments; provided that (A) the sum of each Non-Defaulting Lender's total Revolving Credit Advances and total L/C Exposure may not in any event exceed the Commitment of such Non-Defaulting Lender as in effect at the time of such reallocation and (B) neither such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto will constitute a waiver or release of any claim the Borrower, the Agent, any Issuing Bank or any other Lender may have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender;

(ii) to the extent that any portion (the "unallocated portion") of the Defaulting Lender's L/C Exposure cannot be so reallocated, whether by reason of the first proviso in clause (i) above or otherwise, the Borrower will, not later than two Business Days after demand by the Agent (at the direction of any Issuing Bank), (A) Cash Collateralize the obligations of the Borrower to each Issuing Bank in respect of such L/C Exposure, in an amount at least equal to the aggregate amount of the unallocated portion of such L/C Exposure, or (B) make other arrangements satisfactory to the Agent, and to the Issuing Banks, in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender; and

(iii) any amount paid by the Borrower or otherwise received by the Agent for the account of a Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity payments or other amounts) will not be paid or distributed to such Defaulting Lender, but will instead be retained by the Agent in a segregated non-interest bearing account until (subject to Section 2.19(e)) the termination of the Commitments and payment in full of all obligations of the Borrower hereunder and will be applied by the Agent, to the fullest extent permitted by law, to the making of payments from time to time in the following order of priority: *first* to the payment of any amounts owing by such Defaulting Lender to the Agent under this Agreement, *second* to the payment of any amounts owing by such Defaulting Lender to any Issuing Bank (pro rata as to the respective amounts owing to each of them) under this Agreement, *third* to the payment of post-default interest and then current interest due and payable to the Lenders hereunder other than Defaulting Lenders, ratably among them in accordance with the amounts of such interest then due and payable to them, *fourth* to the payment of fees then due and payable to the Non-Defaulting Lenders hereunder, ratably among them in accordance with the amounts of such fees then due and payable to them, *fifth* to pay principal and unreimbursed Letter of Credit disbursements then due and payable to the Non-Defaulting Lenders hereunder ratably in accordance with the amounts thereof then due and payable to them, *sixth* to the ratable payment of other amounts then due and payable to the Non-Defaulting Lenders, and *seventh* after the termination of the

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Commitments and payment in full of all obligations of the Borrower hereunder, to pay amounts owing under this Agreement to such Defaulting Lender or as a court of competent jurisdiction may otherwise direct.

(c) In furtherance of the foregoing, if any Lender becomes, and during the period it remains, a Defaulting Lender or a Potential Defaulting Lender, subject to Section 2.19(b)(i) above, each Issuing Bank is hereby authorized by the Borrower (which authorization is irrevocable and coupled with an interest) to give, in its discretion, through the Agent, Notices of Borrowing pursuant to Section 2.02 in such amounts and in such times as may be required to (i) reimburse an outstanding Letter of Credit disbursement and/or (ii) Cash Collateralize the obligations of the Borrower in respect of outstanding Letters of Credit in an amount at least equal to the aggregate amount of the obligations (contingent or otherwise) of such Defaulting Lender or Potential Defaulting Lender in respect of such Letter of Credit.

(d) Anything herein to the contrary notwithstanding, during such period as a Lender is a Defaulting Lender, such Defaulting Lender will not be entitled to any fees accruing during such period pursuant to Section 2.04 (without prejudice to the rights of the Non-Defaulting Lenders in respect of such fees), provided that (i) to the extent that all or a portion of the L/C Exposure of such Defaulting Lender is reallocated to the Non-Defaulting Lenders pursuant to Section 2.19(b), such fees that would have accrued for the benefit of such Defaulting Lender will instead accrue for the benefit of and be payable to such Non-Defaulting Lenders, pro rata in accordance with their respective Commitments, and (ii) to the extent that all or any portion of such L/C Exposure cannot be so reallocated, such fees will instead accrue for the benefit of and be payable to each Issuing Bank (and the pro rata payment provisions of Section 2.15 will automatically be deemed adjusted to reflect the provisions of this Section).

(e) If the Borrower, the Agent, and the Issuing Banks agree in writing in their discretion that a Lender is no longer a Defaulting Lender or a Potential Defaulting Lender, as the case may be, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any amounts then held in the segregated account referred to in Section 2.19(b)), such Lender will, to the extent applicable, purchase at par such portion of outstanding Revolving Credit Advances of the other Lenders and/or make such other adjustments as the Agent may determine to be necessary to cause the Revolving Credit Advances and the L/C Exposure of the Lenders to be on a pro rata basis in accordance with their respective Commitments, whereupon such Lender will cease to be a Defaulting Lender or Potential Defaulting Lender and will be a Non-Defaulting Lender (and such Exposure of each Lender will automatically be adjusted on a prospective basis to reflect the foregoing); provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender or Potential Defaulting Lender to Non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender or Potential Defaulting Lender.

### ARTICLE III

#### CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) The Agent shall have received this Agreement, executed and delivered by a duly authorized officer of the Borrower, each Guarantor and each Lender.

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(b) (i) The repayment in full of all existing indebtedness under the Existing Credit Agreement, if any (ii) the termination of all commitments to lend or make other extensions of credit under the Existing Credit Agreement and (iii) delivery to the Agent of all documents and instruments necessary to release all Liens securing the existing indebtedness under the Existing Credit Agreement or other obligations of the Borrower and its Subsidiaries under the Existing Credit Agreement being repaid on the Effective Date.

(c) The Borrower shall have paid, to the extent invoiced prior to the Effective Date, all accrued fees and expenses of the Agent and the Lenders associated with this Agreement (including, to the extent invoiced prior to the Effective Date, the accrued fees and expenses of counsel to the Agent).

(d) The Agent shall have received, at least five business days prior to the Effective Date, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act, in each case, to the extent requested at least ten Business Days prior to the Effective Date.

(e) On the Effective Date, the following statements shall be true and the Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Borrower, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct on and as of the Effective Date (unless such representation and warranty relates to an earlier date, in which case such representation and warranty was true and correct as of such earlier date), and

(ii) No event has occurred and is continuing that constitutes a Default.

(f) The Agent shall have received on or before the Effective Date the following, each dated the Effective Date, in form and substance reasonably satisfactory to the Agent and (except for the Notes) in sufficient copies for each Lender:

(i) The Notes to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.16.

(ii) Certified copies of (A) the resolutions of the Board of Directors of the Borrower and each Guarantor approving this Agreement and the Notes, and, in the case of each Guarantor, approving the Guaranty and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement, the Notes and any Guaranty and (B) Certified copies of the resolutions of the members of the Borrower, International Sales and General IP approving this Agreement and the Notes and, in the case of International Sales and General IP, approving the Guaranty and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement, the Notes and any Guaranty.

(iii) True and complete copies of the certificate of incorporation and by-laws (or equivalent organizational documents) of each the Borrower and each Guarantor.

(iv) A certificate of the Secretary or an Assistant Secretary of the Borrower and each Guarantor certifying the names and true signatures of the officers of the Borrower and each Guarantor authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(v) A favorable opinion of (A) Latham & Watkins LLP, special New York counsel to the Loan Parties, substantially in the form of Exhibit G-1 hereto and (B) Singaporean counsel to the Loan Parties, substantially in the form of Exhibit G-2 hereto.

(g) The Lenders shall have received from the Borrower, not less than 5 days prior to the Effective Date, the Historical Financial Statements.

SECTION 3.02. Conditions Precedent to Each Borrowing and Issuance. The obligation of each Lender to make an Advance (other than an Advance made by any Issuing Bank or any Lender pursuant to Section 2.03(c)) on the occasion of each Borrowing and the obligation of each Issuing Bank to issue a Letter of Credit shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing or such Issuance (as the case may be) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing or Notice of Issuance and the acceptance by the Borrower of the proceeds of such Borrowing or such Issuance shall constitute a representation and warranty by the Borrower that on the date of such Borrowing or such Issuance such statements are true):

(a) the representations and warranties contained in Section 4.01 are true and correct in all material respects (unless such representation and warranty is qualified by materiality, in which case such representation and warranty shall be true and correct in all respects) on and as of such date, before and after giving effect to such Borrowing or such Issuance and to the application of the proceeds therefrom, as though made on and as of such date (unless such representation and warranty relates to an earlier date, in which case such representation and warranty was true and correct in all material respects as of such earlier date); provided, that the representation set forth in subsection (h) thereof, shall be made only on the Effective Date, and

(b) no event has occurred and is continuing, or would result from such Borrowing or such Issuance or from the application of the proceeds therefrom, that constitutes a Default.

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Agent shall promptly notify the Lenders of the occurrence of the Effective Date.

SECTION 3.04. Additional Conditions to Issuances. In addition to the other conditions precedent herein set forth, if any Lender becomes, and during the period it remains, a Defaulting Lender or a Potential Defaulting Lender, no Issuing Bank will be required to issue any Letter of Credit or to amend any outstanding Letter of Credit to increase the face amount thereof, alter the drawing terms thereunder or extend the expiry date thereof, unless such Issuing Bank is satisfied that any exposure that would result therefrom is eliminated or fully covered by the Commitments of the Non-Defaulting Lenders or by Cash Collateralization or a combination thereof satisfactory to such Issuing Bank. If any Issuing Bank issues a Letter of Credit or amends any outstanding Letter of Credit to extend the expiry date

thereof, in either case, resulting in such Letter of Credit having an expiry date later than five Business Days before the Maturity Date, such Issuing Bank may request the Borrower to, and the Borrower shall, within two Business Days of such request, deposit in the L/C Cash Deposit Account, an amount equal to 105% of such Letter of Credit.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Loan Parties. The Borrower and each Guarantor represents and warrants as follows:

(a) Corporate Status. Each Loan Party is duly organized, validly existing and in good standing (or appropriate equivalent) under the laws of its jurisdiction of organization.

(b) Corporate Power and Authority. The execution, delivery and performance by each Loan Party of this Agreement and the other Loan Documents to be delivered by it, and the consummation of the transactions contemplated hereby, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) such Loan Party's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting such Loan Party.

(c) Approvals. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by each Loan Party of this Agreement or the other Loan Documents to be delivered by such Loan Party.

(d) Binding Obligation. This Agreement has been, and each of the other Loan Documents to be delivered by each Loan Party when delivered hereunder will have been, duly executed and delivered by such Loan Party, as applicable. This Agreement is, and each of the Notes when delivered hereunder will be, the legal, valid and binding obligation of the Loan Party party thereto enforceable against such Loan Party in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or law).

(e) Litigation. There is no pending or, to the Borrower's knowledge, overtly threatened action, suit, investigation, litigation or administrative or judicial proceedings, affecting Holdings or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of the Loan Documents or the consummation of the transactions contemplated hereby.

(f) Environmental Matters. Each of Borrower and its Subsidiaries (other than Immaterial Subsidiaries) is and has been in compliance with all Environmental Laws, which compliance includes obtaining, maintaining and complying with all permits, licenses and other authorizations required under all Environmental Laws to carry on its business, except to the extent failure to comply would not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.



(g) Compliance with ERISA. (A) Except as otherwise would not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect: (i) each of the Borrower and its ERISA Affiliates is in compliance with the presently applicable provisions of ERISA and the Code with respect to each Plan and Multiemployer Plan, and the terms of each Plan, and (ii) no ERISA Event has occurred or is reasonably expected to occur.

(B) All Foreign Plans are in compliance with, and have been established, administered and operated in accordance with, the terms of such Foreign Plans and applicable law, except for any failure to so comply, establish, administer or operate the Foreign Plans as would not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect. All contributions or other payments which are due with respect to each Foreign Plan have been made in full and there are no funding deficiencies thereunder, except to the extent any such events would not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.

(h) Material Adverse Change. As of the Effective Date, since October 31, 2010, there has been no Material Adverse Change.

(i) True and Complete Disclosure. (A) None of the factual written information and data (taken as a whole) heretofore or contemporaneously furnished by or on behalf of Parent or the Borrower, any of the Subsidiaries or any of their respective authorized representatives in writing to the Agent and/or any Lender on or before the Effective Date (including (i) the Information Memorandum and (ii) all information contained in the Loan Documents) for purposes of or in connection with this Agreement or any transaction contemplated herein contained any untrue statement or omitted to state any material fact necessary to make such information and data (taken as a whole) not materially misleading at such time in light of the circumstances under which such information or data was furnished, it being understood and agreed that for purposes of this Section 4.01(i), such factual information and data shall not include projections and pro forma financial information.

(B) The projections and pro forma financial information contained in the information and data referred to in clause (A) above were based on good faith estimates and assumptions believed by such Persons to be reasonable at the time made, it being recognized by the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results.

(j) Financial Condition; Financial Statements. The Historical Financial Statements fairly present, in all material respects, the Consolidated financial condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied.

(k) Margin Regulations. No Loan Party is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of, and in violation of, Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(l) Investment Company Act. No Loan Party is an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

(m) Solvency. On the Effective Date (after giving effect to the transactions contemplated hereby, including any Advances made on the Effective Date), the Borrower on a consolidated basis with its Subsidiaries, taken as a whole, will be Solvent.

## ARTICLE V

### COVENANTS OF THE LOAN PARTIES

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid, and any Letter of Credit is outstanding or any Lender shall have any Commitment hereunder, each Loan Party will:

(a) Compliance with Laws. Comply, and cause each of its Subsidiaries to comply with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA, Environmental Laws, the Patriot Act and any anti-money laundering, counter-terrorism financing, trade or economic sanctions laws and regulations, except to the extent such failure to comply could reasonably be expected to have a Material Adverse Effect.

(b) Payment of Taxes. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property, income or profits and (ii) all lawful claims that, if unpaid, might by law become a Lien (other than Liens permitted hereunder pursuant to Section 5.02(a) upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim (x) that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors or (y) the failure to make any such payment would not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries (other than Immaterial Subsidiaries) to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates.

(d) Preservation of Corporate Existence. Preserve and maintain, and cause each of its Subsidiaries (other than Immaterial Subsidiaries) to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Borrower and its Subsidiaries may (i) consummate any merger or consolidation or other transaction permitted under Section 5.02(b), (ii) sell, transfer, or otherwise dispose of, any Subsidiary of the Borrower if permitted under Section 5.02(e), (iii) dissolve or terminate the existence of any Subsidiary of the Borrower possessing immaterial assets or liabilities or no continuing business purpose, or (iv) dissolve or terminate the existence of any Subsidiary if in the Borrower’s determination (w) the preservation thereof is no longer desirable in the conduct of the business of the Borrower and its Subsidiaries, taken as a whole and (x) the loss thereof is not materially disadvantageous to the

Borrower and its Subsidiaries, taken as a whole, and provided further that neither the Borrower nor any of its Subsidiaries shall be required to preserve any right or franchise if in the Borrower's determination (y) the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be and (z) the loss thereof is not materially disadvantageous to the Borrower or such Subsidiary.

(e) Visitation Rights. At any reasonable time during normal business hours and from time to time upon reasonable notice, permit the Agent or any of the Lenders or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants, subject to applicable regulations of the Federal government relating to classified information and reasonable security and safety regulations of the Borrower; provided that the Borrower shall bear the cost and expense of one such visit per calendar year as well as any such visits after and during the continuance of an Event of Default.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Subsidiary materially in accordance with, and to the extent required by, GAAP.

(g) Maintenance of Properties. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, in accordance with customary and prudent business practices for similar businesses, except to the extent that failure to do so would not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.

(h) Transactions with Affiliates. Conduct, and cause each of the Subsidiaries to conduct, all transactions with any of their Affiliates (other than the Borrower and its Subsidiaries) on terms that are fair and reasonable and no less favorable to the Borrower or such Subsidiary in any material respect than it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate; provided that the foregoing restrictions shall not apply to (i) the payment of customary fees to the Sponsors for management, consulting and financial services rendered to Holdings, the Borrower and the Subsidiaries and customary investment banking fees paid to the Sponsors for services rendered to Holdings, the Borrower and the Subsidiaries in connection with divestitures, acquisitions, financings and other transactions, (ii) customary fees paid to members of the board of directors of the Borrower and the Subsidiaries and (iii) transactions permitted by Section 5.02(i).

(i) Use of Proceeds. Use the proceeds of any Advance (i) on the Effective Date to repay any amounts outstanding under the Existing Credit Agreement, if any and (ii) following the Effective Date, for general corporate purposes of the Borrower and its Subsidiaries, including permitted acquisitions, investments and commercial paper backstop.

(j) Reporting Requirements. Furnish to the Agent, who shall furnish to the Lenders:

(i) as soon as available and in any event on or before the date on which such financial statements are required to be filed with the SEC with respect to each of the first three quarterly accounting periods in each fiscal year of the Borrower (or, if such

financial statements are not required to be filed with the SEC, on or before the date that is 60 days after the end of each such quarterly accounting period), the unaudited Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and unaudited Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments and absence of footnote disclosures) by the chief financial officer, treasurer or other authorized financial officer of the Borrower as having been prepared in accordance with GAAP and certificates of the chief financial officer or other authorized financial officer of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03 (such financial statements and certificates, the “Section 5.01(j)(i) Financial Statements and Certificates”); provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to Initial GAAP; and provided further, that so long as (A) Parent only conducts, transacts or otherwise engages in, or commits to conduct, transact or otherwise engage in, any business or operations incidental to its ownership of the Stock and Stock Equivalents of Holdings, any public offering of its Stock and, subject to Section 5.02(j), intercompany debt between Parent and its Subsidiaries, (B) Parent does not incur, create, assume or suffer to exist any Lien or Debt or other liabilities or financial obligations (other than those described in clause (A) above), except (x) nonconsensual obligations imposed by operation of law or (y) obligations with respect to its Stock and Stock Equivalents, (C) Parent does not own, lease manage or otherwise operate any properties or assets (including cash and cash equivalents) other than the ownership of Stock or Stock Equivalents of Holdings and its Subsidiaries and (D) Borrower has not previously complied with this Section 5.01(j)(i) by delivering Section 5.01(j)(i) Financial Statements and Certificates, the Borrower shall be permitted to furnish, in lieu of the Section 5.01(j)(i) Financial Statements and Certificates, the Consolidated balance sheet of Parent and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of Parent and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter duly certified (subject to year-end audit adjustments and absence of footnote disclosures) by the chief financial officer, treasurer or other authorized financial officer of Parent as having been prepared in accordance with GAAP, together with (I) a Compliance Certificate of the chief financial officer or other authorized financial officer of the Borrower as to compliance with the terms of this Agreement and setting forth calculations reasonably necessary to demonstrate compliance with Section 5.03 and (II) a certificate of the chief financial officer or other authorized financial officer of Parent as to compliance with clauses (A), (B) and (C) of this proviso (it being understood that the filing of Parent’s Report on Form 10-Q with the SEC shall satisfy the requirements of this proviso for the delivery of Consolidated balance sheets and Consolidated statements of income and cash flows);

(ii) as soon as available and in any event on or before the date on which such financial statements are required to be filed with the SEC with respect to each fiscal year (or, if such financial statements are not required to be filed with the SEC, on or before the date that is 120 days after the end of each such fiscal year), a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries

for such fiscal year, in each case accompanied by an opinion unqualified as to scope and going concern by PricewaterhouseCoopers LLP or other independent certified public accountants reasonably acceptable to the Required Lenders and a Compliance Certificate of the chief financial officer or other authorized financial officer of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to Initial GAAP (it being understood that the filing of the Borrower's Report on Form 10-K with the SEC shall satisfy the requirements of this Section 5.01(j)(ii) so long as the information required to be contained in such Report is substantially the same as that required under this clause (ii));

(iii) as soon as available and in any event on or before the date on which such financial statements are required to be filed with the SEC with respect to each fiscal year (or, if such financial statements are not required to be filed with the SEC, on or before the date that is 120 days after the end of each such fiscal year), a copy of the annual audit report for such year for Parent and its Subsidiaries, containing the Consolidated balance sheet of Parent and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of Parent and its Subsidiaries for such fiscal year, in each case accompanied by an opinion unqualified as to scope and going concern by PricewaterhouseCoopers LLP or other independent certified public accountants reasonably acceptable to the Required Lenders (it being understood that the filing of Parent's Report on Form 10-K with the SEC shall satisfy the requirements of this Section 5.01(j)(iii) so long as the information required to be contained in such Report is substantially the same as that required under this clause (iii));

(iv) as soon as possible and in any event within seven days after the occurrence of any Default of which the Borrower has knowledge, a statement of the chief financial officer or other authorized financial officer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of its securityholders, and copies of all reports and registration statements that the Borrower or any Subsidiary files with the SEC or any national securities exchange;

(vi) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Borrower or any of its Subsidiaries of the type described in Section 4.01(e);

(vii) promptly after the commencement thereof, notice of any Environmental Action that would be reasonably likely to have a Material Adverse Effect; and

(viii) such other information respecting the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid, and any Letter of Credit is outstanding or any Lender shall have any Commitment hereunder, no Loan Party will:

(a) Liens. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens,

(ii) purchase money Liens upon or in any real property or equipment acquired or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition (including Liens, if any, in respect of leases that have been, or should be, in accordance with GAAP in effect on the date hereof, recorded as capital leases and any Liens placed on such property or equipment within 180 days after the acquisition of such property or equipment) of such property or equipment, or Liens existing on such property or equipment at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, provided, however, that no such Lien shall extend to or cover any properties of any character other than the real property or equipment being acquired (and any accessions or additions thereto, and proceeds thereof), and no such extension, renewal or replacement shall extend to or cover any properties not theretofore subject to the Lien being extended, renewed or replaced, provided further that the aggregate principal amount of indebtedness secured by the Liens referred to in this clause (ii) shall not exceed \$50,000,000

(iii) the Liens existing on the Effective Date and described on Schedule 5.02(a) hereto,

(iv) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower or becomes a Subsidiary of the Borrower; provided that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary,

(v) Liens securing contingent obligations in respect of acceptances, letters of credit, bank guarantees, surety bonds or similar extensions of credit,

(vi) Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business securing obligations under Hedge Agreements designed solely to protect the Borrower or any of its Subsidiaries from fluctuations in interest rates, currencies or the price of commodities,

(vii) Liens on cash as contemplated by Section 2.19 or 6.02,

(viii) the replacement, extension or renewal of any Lien permitted by clause (iii) or (iv) above upon or in the property theretofore subject thereto or the replacement,

extension or renewal (without increase in the principal amount or change in any direct or contingent obligor) of the Debt secured thereby; and

(ix) other Liens so long as the aggregate principal amount of the obligations so secured does not exceed \$50,000,000 at any time outstanding.

(b) Mergers. Merge or consolidate with or into any Person, or permit any of its Subsidiaries (other than Immaterial Subsidiaries) to do so, except (i) that any Subsidiary of the Borrower may merge, consolidate, amalgamate, or combine with or into any other Subsidiary of the Borrower that is a Guarantor, (ii) any Subsidiary of the Borrower may merge, consolidate, amalgamate, or combine with or into the Borrower and (iii) any Subsidiary of the Borrower and the Borrower may merge, consolidate, amalgamate, or combine with or into any other Person if, as a result of one or a series of transactions, the surviving or resulting entity is or becomes a Subsidiary or, if the Borrower is a party to such transaction, the surviving entity is the Borrower, provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by GAAP.

(d) Subsidiary Debt. Permit any of its non-Guarantor Subsidiaries to create or suffer to exist, any Debt other than:

(i) Debt owed under this Agreement or the Notes,

(ii) Debt existing on the Effective Date and described on Schedule 5.02(d) hereto (the "Existing Debt"), and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Existing Debt, provided that the principal amount of such Existing Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing,

(iii) Debt in amounts permitted by Sections 5.02(a)(ii) and (ix),

(iv) Debt owed to the Borrower or a wholly owned direct or indirect Subsidiary of the Borrower,

(v) obligations of any Subsidiary of the Borrower under any Hedge Agreements entered into in the ordinary course of business to protect the Borrower and its Subsidiaries against fluctuations in interest or exchange rates,

(vi) contingent obligations in respect of acceptances, letters of credit, bank guarantees, surety bonds or similar extensions of credit,

(vii) Debt of a Person at the time such Person is merged into or consolidated with any Subsidiary of the Borrower or becomes a Subsidiary of the Borrower; provided that such Debt was not created in contemplation of such merger, consolidation or acquisition, and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, such Debt, provided further that the principal amount of such Debt shall not be

increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed (other than as a result of merger or consolidation), as a result of or in connection with such extension, refunding or refinancing,

(viii) endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and

(ix) other unsecured Debt of such non-Guarantor Subsidiaries in an aggregate amount not to exceed \$75,000,000.

(e) Sales of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets, or grant any option or other right to any other Person to purchase, lease or otherwise acquire any assets of the Borrower or any of its Subsidiaries, except (i) sales of inventory in the ordinary course of its business or sales or other dispositions of scrap, surplus, outdated, superseded, replaced or obsolete material or equipment or sales of other assets in the ordinary course of its business that are no longer used, (ii) in or in connection with a transaction authorized by Section 5.02(b), (iii) sales or dispositions between or among the Borrower and its wholly-owned Subsidiaries that are Guarantors, (iv) sales of property in connection with a Permitted Sale Leaseback provided that the net present value of the aggregate rental obligations under such leases or contracts (discounted at the implied interest rate of such lease or contract) does not exceed 15% of the Consolidated total assets of the Borrower and its Subsidiaries measured as of October 31, 2010 or, if greater, 15% of Consolidated total assets of the Borrower and its Subsidiaries as of the most recent fiscal quarter end for which financial statements of the Borrower are delivered pursuant to Section 5.01(j) hereof and (v) sales or other dispositions of assets in an amount not to exceed, after the date hereof, an amount equal to 15% of the Consolidated total assets of the Borrower and its Subsidiaries measured as of October 31, 2010 or, if greater, 15% of Consolidated total assets of the Borrower and its Subsidiaries as of the most recent fiscal quarter end for which financial statements of the Borrower are delivered pursuant to Section 5.01(j).

(f) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of its business from the business as carried on by the Borrower and its Subsidiaries at the date hereof.

(g) Payment Restrictions Affecting Subsidiaries. Directly or indirectly, enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement or arrangement limiting the ability of any of its Subsidiaries to declare or pay dividends or other distributions in respect of its capital stock (whether through a covenant restricting dividends, a financial covenant or otherwise), except (i) this Agreement, (ii) any agreement or instrument evidencing Existing Debt or, to the extent such agreement or arrangement could not reasonably be expected to impair the Borrower's ability to repay the Obligations as and when due, any agreement or instrument evidencing Debt permitted under Section 5.02(d) and (iii) any agreement in effect at the time such Subsidiary becomes a Subsidiary of the Borrower, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary of the Borrower.

(h) Activities of Holdings. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, Holdings shall not (i) conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to its ownership of the Stock and Stock Equivalents of the Borrower, any



public offering of its Stock and any transaction that Holdings is permitted to enter into or consummate under this Section 5.02, (ii) incur, create, assume or suffer to exist any Lien or Debt or other liabilities or financial obligations (other than those described in clause (i) above), except (A) nonconsensual obligations imposed by operation of law, (B) pursuant to the Loan Documents to which it is a party or (C) obligations with respect to its Stock and Stock Equivalents, or (iii) own, lease manage or otherwise operate any properties or assets (including cash (other than cash received in connection with dividends made by the Borrower in accordance with Section 5.02(i)(iii), (iv) or (v) pending application in the manner contemplated by said Section) and cash equivalents) other than the ownership of Stock or Stock Equivalents of the Borrower.

(i) Dividends. No Loan Party will declare or pay any dividends (other than dividends payable solely in its Stock) or return any capital, or permit any of its Subsidiaries to pay any dividends (other than dividends payable solely in its Stock) or return any capital, to its stockholders or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any class of its Stock or Stock Equivalents or the Stock or Stock Equivalents of any direct or indirect parent now or hereafter outstanding, or set aside any funds for any of the foregoing purposes, or permit any of the Subsidiaries to purchase or otherwise acquire for consideration any Stock or Stock Equivalents of the Borrower, now or hereafter outstanding (all of the foregoing "dividends"), other than (i) dividends paid to the Borrower or a Guarantor, (ii) dividends paid from a non-Guarantor Subsidiary to another non-Guarantor Subsidiary, (iii) dividends paid by U.S. Inc. to its direct parent, which dividends are immediately paid by such parent to a Loan Party, (iv) dividends paid to Holdings or its Subsidiaries in connection with tax planning in the ordinary course of business and (v) other dividends so long as, at the time of and immediately after giving effect to such dividend, (A) the Consolidated Debt to EBITDA Ratio (on a pro forma basis after having given effect to such dividend), is less than 2.00 to 1.00, (B) no Default or Event of Default exists or would result from such dividend and (C) Parent shall not be in default in the payment of any amount in respect of any Debt or any other monetary liability in an amount of \$35,000,000 or more.

(j) Subordinated Indebtedness. All Debt owing from any Loan Party to Parent shall be subordinated to the obligations of such Loan Party hereunder on terms reasonably satisfactory to the Agent, which terms, in any event, shall prohibit any payments with respect to such Debt after and during the continuance of an Event of Default hereunder.

SECTION 5.03. Financial Covenants. So long as any Advance shall remain unpaid, and Letter of Credit is outstanding or any Lender shall have any Commitment hereunder, the Borrower will:

(a) Debt to EBITDA Ratio. Maintain, as of the end of each fiscal quarter, a Consolidated Debt to EBITDA Ratio of not greater than 2.50 to 1.00.

(b) Interest Coverage Ratio. Maintain, as of the end of each fiscal quarter, a ratio of (i) Consolidated EBITDA of the Borrower and its Consolidated Subsidiaries for the period of four fiscal quarters then ended to (ii) Consolidated Interest Expense during such period by the Borrower and its Consolidated Subsidiaries, of not less than 3.50 to 1.00; provided, that for purposes of calculating Interest Expense for the Borrower and its Subsidiaries for any period, the Interest Expense of any Person (or assets or division of such Person) acquired by the Borrower or any of its Subsidiaries during such period shall be included on a pro forma basis for such period (assuming the consummation of such acquisition occurred on the first day of such period).

ARTICLE VI  
EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events (“Events of Default”) shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by any Loan Party herein or by any Loan Party (or any of their respective officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) (i) Any Loan Party shall fail to perform or observe any term, covenant or agreement contained in Section 2.19(b)(ii)(A), 5.01(d), (h) or (i), 5.01(j) (iv) or (vi), 5.02 or 5.03, (ii) any Loan Party shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(j)(i), (ii) or (iii) and such failure shall remain unremedied for 15 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender or (iii) any Loan Party shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) Holdings or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or, in the case of Hedge Agreements net amount, of at least \$35,000,000 in the aggregate (but excluding Debt outstanding hereunder) of Holdings or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), required to be purchased or defeased (other than cash collateralization of letter of credit obligations), or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) Holdings or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Parent or any of its Subsidiaries (other than Immaterial Subsidiaries) seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not

## Avago Credit Agreement

instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or Parent or any of its Subsidiaries (other than Immaterial Subsidiaries) shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Judgments or orders for the payment of money in excess of \$35,000,000 in the aggregate, to the extent not covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof, shall be rendered against Holdings or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) a Change of Control shall have occurred;

(h) Holdings or any of its ERISA Affiliates shall incur, or shall be reasonably likely to incur liability which could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect as a result of one or more of the following: (i) the occurrence of any ERISA Event; or (ii) the partial or complete withdrawal of Holdings or any of its ERISA Affiliates from, or the termination, insolvency, reorganization or windup of, a Foreign Plan which is a defined benefit pension plan; or

(i) Any Guaranty provided by any Guarantor or any material provision thereof shall cease to be in full force or effect or any such Guarantor thereunder or any Loan Party shall deny or disaffirm in writing any such Guarantor's obligations under any such Guaranty or (ii) this Agreement or any other Loan Document ceases to be in full force or effect or any Loan Party shall deny or disaffirm in writing any such Loan Party's obligations under any such Loan Document;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances (other than Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under any Bankruptcy Law, (A) the obligation of each Lender to make Advances (other than Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 6.02. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Agent may with the consent, or shall at the request, of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Borrower to, and forthwith upon such demand the Borrower will, (a)

pay to the Agent on behalf of the Lenders in same day funds at the Agent's office designated in such demand, for deposit in the L/C Cash Deposit Account, an amount equal to 105% of the aggregate Available Amount of all Letters of Credit then outstanding or (b) make such other arrangements in respect of the outstanding Letters of Credit as shall be acceptable to the Required Lenders and not more disadvantageous to the Borrower than clause (a); provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under any Bankruptcy Law, an amount equal to the aggregate Available Amount of all outstanding Letters of Credit shall be immediately due and payable to the Agent for the account of the Lenders without notice to or demand upon the Borrower, which are expressly waived by the Borrower, to be held in the L/C Cash Deposit Account. If at any time an Event of Default is continuing the Agent determines that any funds held in the L/C Cash Deposit Account are subject to any right or claim of any Person other than the Agent and the Lenders or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrower will, forthwith upon demand by the Agent, pay to the Agent, as additional funds to be deposited and held in the L/C Cash Deposit Account, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, then held in the L/C Cash Deposit Account that the Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit, to the extent funds are on deposit in the L/C Cash Deposit Account, such funds shall be applied to reimburse the Issuing Banks to the extent permitted by applicable law. After all such Letters of Credit shall have expired or been fully drawn upon and all other obligations of the Borrower hereunder and under the Notes shall have been paid in full, the balance, if any, in such L/C Cash Deposit Account shall be returned to the Borrower.

## ARTICLE VII

### GUARANTY

SECTION 7.01. Unconditional Guaranty. The Guarantors hereby absolutely, unconditionally and irrevocably guarantee the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all obligations of the Borrower now or hereafter existing under or in respect of this Agreement and the Notes (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such obligations being the "Obligations"), and agree to pay any and all expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by the Agent or any Lender in enforcing any rights under this Agreement. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Obligations and would be owed by the Borrower to the Agent or any Lender under or in respect of this Agreement and the Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower. This Guaranty constitutes a guaranty of payment and not of collection.

SECTION 7.02. Guaranty Absolute. (a) The Guarantors guarantee that the Obligations will be paid strictly in accordance with the terms of this Agreement and the Notes, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or any Lender with respect thereto. The obligations of each Guarantor under or in respect of this Guaranty are independent of the Obligations or any other obligations of the Borrower under or in respect of this Agreement and the Notes, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce this Guaranty, irrespective of whether any action is brought against the Borrower or whether the Borrower is joined in any such action or actions. The liability of each Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor

hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

- (a) any lack of validity or enforceability of this Agreement, any Note or any agreement or instrument relating thereto;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations or any other obligations of the Borrower under or in respect of this Agreement and the Notes, or any other amendment or waiver of or any consent to departure from this Agreement or any Note, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Borrower or any of its Subsidiaries or otherwise;
- (c) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Obligations;
- (d) any manner of application of any collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other obligations of the Borrower under this Agreement and the Notes or any other assets of the Borrower or any of its Subsidiaries;
- (e) any change, restructuring or termination of the corporate structure or existence of the Borrower or any of its Subsidiaries;
- (f) any failure of the Agent or any Lender to disclose to the Guarantors any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower now or hereafter known to the Agent or such Lender (the Borrower waiving any duty on the part of the Agent and the Lenders to disclose such information);
- (g) the failure of any other Person to execute or deliver this Guaranty or any other guaranty or agreement or the release or reduction of liability of the Guarantors or other guarantor or surety with respect to the Obligations; or
- (h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agent or any Lender that might otherwise constitute a defense available to, or a discharge of, the Borrower or any other guarantor or surety.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Agent or any Lender or any other Person upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though such payment had not been made.

SECTION 7.03. Waivers and Acknowledgments. (a) Each Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Obligations and this Guaranty and any requirement that the Agent or any Lender protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against the Borrower or any other Person or any collateral.

(b) Each Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Obligations, whether existing now or in the future.

(c) Each Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by the Agent or any Lender that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of any Guarantor to proceed against the Borrower, any other guarantor or any other Person or any collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the obligations of any Guarantor hereunder.

(d) Each Guarantor hereby unconditionally and irrevocably waives any duty on the part of the Agent or any Lender to disclose to such Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower or any of its Subsidiaries now or hereafter known by the Agent or such Lender.

(e) Each Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by this Agreement and the Notes and that the waivers set forth in Section 7.02 and this Section 7.03 are knowingly made in contemplation of such benefits.

SECTION 7.04. Subrogation. Each Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against the Borrower or any other Guarantor that arise from the existence, payment, performance or enforcement of such Guarantors' obligations under or in respect of this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agent or any Lender against the Borrower or any other Guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Borrower or any other Guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, all Letters of Credit shall have expired or been terminated and the Commitments shall have expired or been terminated. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of the Obligations and all other amounts payable under this Guaranty, (b) the Termination Date and (c) the latest date of expiration or termination of all Letters of Credit, such amount shall be received and held in trust for the benefit of the Agent and the Lenders, shall be segregated from other property and funds of such Guarantor and shall forthwith be paid or delivered to the Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of this Agreement and the Notes, or to be held as collateral for any Obligations or other amounts payable under this Guaranty thereafter arising. If (i) any Guarantor shall make payment to the Agent or any Lender of all or any part of the Obligations, (ii) all of the Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, (iii) the Termination Date shall have occurred and (iv) all Letters of Credit shall have expired or been terminated, the Agent and the Lenders will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Obligations resulting from such payment made by such Guarantor pursuant to this Guaranty.

SECTION 7.05. Continuing Guaranty; Assignments. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Obligations and all other amounts payable under this Guaranty, (ii) the Termination Date and (iii) the latest date of expiration or termination of all Letters of Credit, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Agent and the Lenders and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, the Agent or any Lender may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Agent or such Lender herein or otherwise, in each case as and to the extent provided in Section 9.07.

SECTION 7.06. Limitation of Guaranty. Any term or provision of this Guaranty or any other Loan Document to the contrary notwithstanding, the maximum aggregate amount of the Obligations for which any Subsidiary Guarantor shall be liable shall not exceed the maximum amount for which such Subsidiary Guarantor can be liable without rendering this Guaranty, this Agreement or any other Loan Document, as it relates to such Subsidiary Guarantor, subject to avoidance under applicable law relating to fraudulent conveyance or fraudulent transfer (including Section 548 of the Bankruptcy Code or any applicable provisions of comparable state law) (collectively, "Fraudulent Transfer Laws"), in each case after giving effect (a) to all other liabilities of such Subsidiary Guarantor, contingent or otherwise, that are relevant under such Fraudulent Transfer Laws (specifically excluding, however, any liabilities of such Subsidiary Guarantor in respect of intercompany Debt to the Borrower to the extent that such Debt would be discharged in an amount equal to the amount paid by such Subsidiary Guarantor hereunder) and (b) to the value as assets of such Subsidiary Guarantor (as determined under the applicable provisions of such Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights held by such Subsidiary Guarantor pursuant to (i) applicable federal, state, local and foreign laws, rules and regulations, orders, judgments, decrees and other determinations of any Governmental Authority or arbitrator and common law, or (ii) any other obligation, agreement, undertaking or similar provisions of any security or any agreement, undertaking, contract, lease, indenture, mortgage, deed of trust or other instrument (excluding a Loan Document) providing for an equitable allocation among such Subsidiary Guarantor and other Subsidiaries or Affiliates of the Borrower of obligations arising under this Guaranty or other guaranties of the Obligations by such parties.

## ARTICLE VIII

### THE AGENT

SECTION 8.01. Authorization and Authority. Each Lender hereby irrevocably appoints Citi International to act on its behalf as the Agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Agent and the Lenders, and neither the Borrower nor other Loan Party shall have rights as a third party beneficiary of any of such provisions.

SECTION 8.02. Agent Individually. (a) The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of

business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Agent hereunder and without any duty to account therefor to the Lenders.

(b) Each Lender understands that the Person serving as Agent, acting in its individual capacity, and its Affiliates (collectively, the “Agent’s Group”) are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research) (such services and businesses are collectively referred to in this Section 8.02 as “Activities”) and may engage in the Activities with or on behalf of one or more of the Loan Parties or their respective Affiliates. Furthermore, the Agent’s Group may, in undertaking the Activities, engage in trading in financial products or undertake other investment businesses for its own account or on behalf of others (including the Loan Parties and their Affiliates and including holding, for its own account or on behalf of others, equity, debt and similar positions in the Borrower, another Loan Party or their respective Affiliates), including trading in or holding long, short or derivative positions in securities, loans or other financial products of one or more of the Loan Parties and their Affiliates. Each Lender understands and agrees that in engaging in the Activities, the Agent’s Group may receive or otherwise obtain information concerning the Loan Parties and their Affiliates (including information concerning the ability of the Loan Parties to perform their respective obligations hereunder and under the other Loan Documents) which information may not be available to any of the Lenders that are not members of the Agent’s Group. None of the Agent nor any member of the Agent’s Group shall have any duty to disclose to any Lender or use on behalf of the Lenders, and shall not be liable for the failure to so disclose or use, any information whatsoever about or derived from the Activities or otherwise (including any information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Loan Party or any Affiliate thereof) or to account for any revenue or profits obtained in connection with the Activities, except that the Agent shall deliver or otherwise make available to each Lender such documents as are expressly required by any Loan Document to be transmitted by the Agent to the Lenders. In acting as agent hereunder, the Agent shall be regarded as acting through its agency division which shall be treated as a separate division from any other of its divisions or departments and, notwithstanding the foregoing provisions of this Article XIII, any information received by some other division or department of the Agent may be treated as confidential and shall not be regarded as having been given to the Agent’s agency division.

(c) Each Lender further understands that there may be situations where members of the Agent’s Group or their respective customers (including the Loan Parties and their Affiliates) either now have or may in the future have interests or take actions that may conflict with the interests of any one or more of the Lenders (including the interests of the Lenders hereunder or under the other Loan Documents). Each Lender agrees that no member of the Agent’s Group is or shall be required to restrict its activities as a result of the Person serving as Agent being a member of the Agent’s Group, and that each member of the Agent’s Group may undertake any Activities without further consultation with or notification to any Lender. None of (i) this Agreement nor any other Loan Document, (ii) the receipt by the Agent’s Group of information (including Company Information) concerning the Loan Parties and their Affiliates (including information concerning the ability of the Loan Parties to perform their respective obligations hereunder and under the other Loan Documents) nor (iii) any other matter shall give rise to any fiduciary, equitable or contractual duties (including without limitation any duty of trust or confidence) owing by the Agent or any member of the Agent’s Group to any Lender including any such duty that would prevent or restrict the Agent’s Group from acting on behalf of customers (including the Loan Parties and their Affiliates) or for its own account.

SECTION 8.03. Duties of Agent; Exculpatory Provisions. (a) The Agent’s duties hereunder and under the other Loan Documents are solely ministerial and administrative in nature and the Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Agent shall not have any duty to



take any discretionary action or exercise any discretionary powers, but shall be required to act or refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written direction of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Agent will not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt, any action that may be in violation of the automatic stay under any debtor relief law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any debtor relief law.

(b) The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 9.01 or 6.01) or (ii) in the absence of its own gross negligence or willful misconduct. The Agent shall be deemed not to have knowledge of any Default or the event or events that give or may give rise to any Default unless and until the Borrower or any Lender shall have given notice to the Agent describing such Default and such event or events.

(c) Neither the Agent nor any member of the Agent's Group shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty, representation or other information made or supplied in or in connection with this Agreement or the Information Memorandum, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith or the adequacy, accuracy and/or completeness of the information contained therein, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document or the perfection or priority of any Lien created or purported to be created hereby or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than (but subject to the foregoing clause (ii)) to confirm receipt of items expressly required to be delivered to the Agent.

(d) Nothing in this Agreement shall require the Agent or any of its Related Parties to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or any of its Related Parties.

(e) Nothing in this Agreement constitutes the Agent or any Arranger as a trustee or fiduciary of any other person. Neither the Agent nor any Arranger shall be bound to account to the Lender for any sum or the profit element of any sum received by it for its own account.

(f) The Arrangers shall have no obligations or duties whatsoever in such capacity under this Agreement or any other Loan Document and shall incur no liability hereunder or thereunder in such capacity.

**SECTION 8.04. Reliance by Agent.** The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Advance, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender, the Agent

may presume that such condition is satisfactory to such Lender unless an officer of the Agent responsible for the transactions contemplated hereby shall have received notice to the contrary from such Lender prior to the making of such Advance or the issuance of such Letter of Credit, and in the case of a Borrowing, such Lender shall not have made available to the Agent such Lender's ratable portion of such Borrowing. The Agent may consult with legal counsel (who may be counsel for the Borrower or any other Loan Party), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.05. Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. Each such sub-agent and the Related Parties of the Agent and each such sub-agent shall be entitled to the benefits of all provisions of this Article VIII and Section 9.04 (as though such sub-agents were the "Agent" hereunder) as if set forth in full herein with respect thereto.

SECTION 8.06. Resignation of Agent. (a) The Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank having a combined capital and surplus of at least \$500,000,000 and with an office in New York, New York, or an Affiliate of any such bank with an office in New York, New York (or such other jurisdiction as is acceptable to the Required Lenders). If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (such 30-day period, the "Lender Appointment Period"), then the retiring Agent may on behalf of the Lenders, appoint a successor Agent meeting the qualifications set forth above. In addition and without any obligation on the part of the retiring Agent to appoint, on behalf of the Lenders, a successor Agent, the retiring Agent may at any time upon or after the end of the Lender Appointment Period notify the Borrower and the Lenders that no qualifying Person has accepted appointment as successor Agent and the effective date of such retiring Agent's resignation. Upon the resignation effective date established in such notice (which resignation effective date shall in any event occur after the date that is 30 days after the date of such notice) and regardless of whether a successor Agent has been appointed and accepted such appointment, the retiring Agent's resignation shall nonetheless become effective and (i) the retiring Agent shall be discharged from its duties and obligations as Agent hereunder and (ii) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this paragraph. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties as Agent of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations as Agent hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 9.04 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

(b) Any resignation pursuant to this Section by a Person acting as Agent shall, unless such Person shall notify the Borrower and the Lenders otherwise, also act to relieve such Person and its Affiliates of any obligation to advance or issue new, or extend existing, Letters of Credit where such advance, issuance or extension is to occur on or after the effective date of such resignation. Upon the

acceptance of a successor's appointment as Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Bank, (ii) the retiring Issuing Bank shall be discharged from all of its duties and obligations hereunder and (iii) the successor Issuing Bank shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangement satisfactory to the retiring Issuing Bank to effectively assume the obligations of the retiring Issuing Bank with respect to such Letters of Credit.

**SECTION 8.07. Non-Reliance on Agent and Other Lenders.** (a) Each Lender confirms to the Agent, each other Lender and each of their respective Related Parties that it (i) possesses (individually or through its Related Parties) such knowledge and experience in financial and business matters that it is capable, without reliance on the Agent, any other Lender or any of their respective Related Parties, of evaluating the merits and risks (including tax, legal, regulatory, credit, accounting and other financial matters) of (x) entering into this Agreement, (y) making Advances and other extensions of credit hereunder and under the other Loan Documents and (z) in taking or not taking actions hereunder and thereunder, (ii) is financially able to bear such risks and (iii) has determined that entering into this Agreement and making Advances and other extensions of credit hereunder and under the other Loan Documents is suitable and appropriate for it.

(b) Each Lender acknowledges that (i) it is solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with this Agreement and the other Loan Documents, (ii) that it has, independently and without reliance upon the Agent, any other Lender or any of their respective Related Parties, made its own appraisal and investigation of all risks associated with, and its own credit analysis and decision to enter into, this Agreement based on such documents and information, as it has deemed appropriate and (iii) it will, independently and without reliance upon the Agent, any other Lender or any of their respective Related Parties, continue to be solely responsible for making its own appraisal and investigation of all risks arising under or in connection with, and its own credit analysis and decision to take or not take action under, this Agreement and the other Loan Documents based on such documents and information as it shall from time to time deem appropriate, which may include, in each case:

(i) the financial condition, status and capitalization of the Loan Parties and their Affiliates;

(ii) the legality, validity, effectiveness, adequacy or enforceability of this Agreement and each other Loan Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document;

(iii) determining compliance or non-compliance with any condition hereunder to the making of an Advance, or the issuance of a Letter of Credit and the form and substance of all evidence delivered in connection with establishing the satisfaction of each such condition;

(iv) the adequacy, accuracy and/or completeness of the Information Memorandum and any other information delivered by the Agent, any other Lender or by any of their respective Related Parties under or in connection with this Agreement or any other Loan Document, the transactions contemplated hereby or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document.

**SECTION 8.08. Indemnification.** (a) Each Lender severally agrees to indemnify the Agent (to the extent not reimbursed by the Borrower) from and against such Lender's pro rata share (determined as provided below) of any and all liabilities, obligations, losses, damages, actions, judgments,

suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent (in its capacity as such) in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent (in its capacity as such) under this Agreement (collectively, the “Indemnified Costs”), provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent’s gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its pro rata Share of any reasonable and documented out-of-pocket expenses (including reasonable counsel fees) incurred by the Agent (in its capacity as such) in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05(a) applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or a third party. For purposes of this Section 8.08(a), the Lenders’ respective pro rata shares of any amount shall be determined, at any time, according to the sum of (i) the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lenders, (ii) their respective pro rata shares of the aggregate Available Amount of all Letters of Credit outstanding at such time and (iii) their respective Unused Revolving Credit Commitments at such time. Each Lender also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Agent or any of its Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to the Notes, this Agreement, any of the transactions contemplated herein.

(b) Each Lender severally agrees to indemnify the Issuing Banks (to the extent not promptly reimbursed by the Borrower) from and against such Lender’s Ratable Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against any such Issuing Bank (in its capacity as such) in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Issuing Bank (in its capacity as such) hereunder or in connection herewith including, without limitation, any of the foregoing relating to the violation of, non-compliance with or liability under any Environmental Law or to any actual or alleged presence, release or threatened release of Hazardous Materials involving or attributable to the Borrower or any of its Subsidiaries; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank’s gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse any such Issuing Bank promptly upon demand for its Ratable Share of any reasonable and documented costs and expenses (including, without limitation, reasonable fees and expenses of counsel) payable by the Borrower under Section 9.04, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Borrower.

(c) The failure of any Lender to reimburse the Agent or any Issuing Bank promptly upon demand for its Ratable Share of any amount required to be paid by the Lenders to the Agent as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse the Agent or any Issuing Bank for its Ratable Share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Agent or any Issuing Bank for such other Lender’s applicable share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 8.08 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes. Each of the Agent and each Issuing Bank agrees to return to the Lenders their respective applicable shares of any amounts paid under this Section 8.08 that are subsequently reimbursed by the Borrower.

SECTION 8.09. Other Agents. Anything herein to the contrary notwithstanding, none of the Persons acting as bookrunners, arrangers, the documentation agent nor any other Lender designated as any “Agent” listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Agent or as a Lender hereunder.

SECTION 8.10. Removal of Agent. Anything herein to the contrary notwithstanding, if at any time the Required Lenders determine that the Person serving as Agent is (without taking into account any provision in the definition of “Defaulting Lender” requiring notice from the Agent or any other party) a Defaulting Lender pursuant to clause (v) of the definition thereof, the Required Lenders (determined after giving effect to Section 9.01) may by notice to the Borrower and such Person remove such Person as Agent and appoint a replacement Agent hereunder. Such removal will, to the fullest extent permitted by applicable law, be effective on the earlier of (i) the date a replacement Agent is appointed and (ii) the date 30 days after the giving of such notice by the Required Lenders (regardless of whether a replacement Agent has been appointed).

SECTION 8.11. Force Majeure. Notwithstanding anything to the contrary in this Agreement or in any other transaction document, the Agent shall not in any event be liable for any loss or damage, or any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any reason which is beyond the control of the Agent, including, but not limited to, any existing or future law or regulation, any existing or future act of governmental authority, act of god, flood, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure or failure of any money transmission system or any event where, in the reasonable opinion of the Agent, performance of any duty or obligation under or pursuant to this Agreement would or may be illegal or would result in the Agent being in breach of any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organization to which the Agent is subject.

## ARTICLE IX

### MISCELLANEOUS

SECTION 9.01. Amendments. No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (a) no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (i) waive any of the conditions specified in Section 3.01, (ii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder, (iii) amend this Section 9.01 or (iv) release all or substantially all of the Guarantors from their obligations under Article VII, (b) no amendment, waiver or consent shall, unless in writing and signed by each Lender affected hereby, do any of the following: (i) increase the Commitments of the Lenders other than in accordance with Section 2.18, (ii) reduce the principal of, or rate of interest on, the Advances or any fees or other amounts payable hereunder, (iii) postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder, or (iv) extend the expiration date of any Letter of Credit to a date later than the final Termination Date and (c) no amendment, waiver or consent shall, unless in writing and signed by each extending Lender, extend the expiration of any

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Commitment of such Lenders; and provided further that (x) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note; and (y) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Banks in addition to the Lenders required above to take such action, adversely affect the rights or obligations of the Issuing Banks in their capacities as such under this Agreement. Anything herein to the contrary notwithstanding, during such period as a Lender is a Defaulting Lender, to the fullest extent permitted by applicable law, such Lender will not be entitled to vote in respect of amendments and waivers hereunder and the Commitment and the outstanding Advances or other extensions of credit of such Lender hereunder will not be taken into account in determining whether the Required Lenders or all of the Lenders, as required, have approved any such amendment or waiver (and the definition of "Required Lenders" will automatically be deemed modified accordingly for the duration of such period); provided, that any such amendment or waiver that would increase or extend the term of the Commitment of such Defaulting Lender, extend the date fixed for the payment of principal or interest owing to such Defaulting Lender hereunder, reduce the principal amount of any obligation owing to such Defaulting Lender, reduce the amount of or the rate or amount of interest on any amount owing to such Defaulting Lender or of any fee payable to such Defaulting Lender hereunder, or alter the terms of this proviso, will require the consent of such Defaulting Lender.

SECTION 9.02. Notices. (a) All notices, demands, requests, consents and other communications provided for in this Agreement shall be given in writing, or by any telecommunication device capable of creating a written record (including electronic mail), and addressed to the party to be notified as follows:

- (i) if to the Borrower or any other Loan Party,

Avago Technologies Finance Pte. Ltd.  
1 Yishun Avenue 7  
Singapore 768923  
Attention of: Desmond Lim  
Telecopier No.: (65) 6215 4599  
E-Mail Address: desmondlim@avagotech.com, pdl-treasury@avagotech.com

- (ii) if to the Agent,

Citicorp International Limited  
9th Floor, Two Harbourfront  
22 Tak Fung Street  
Hung Hom, Kowloon, Hong Kong  
Attn: Regional Loans Agency

- (iii) if to the Initial Issuing Bank,

Citibank, N.A.  
Building #3, 1615 Brett Road  
New Castle, DE 19720  
Attn: Bank Loan Syndications  
Tel: 302 894-6010  
Fax: 212 994-0961

(iv) if to any Initial Lender, at its Base Rate Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Base Rate Lending Office specified in

the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender;

or at such other address as shall be notified in writing (x) in the case of the Borrower, the Agent, to the other parties and (y) in the case of all other parties, to the Borrower and the Agent.

(b) All notices, demands, requests, consents and other communications described in clause (a) shall be effective (i) if delivered by hand, including any overnight courier service, upon personal delivery, (ii) if delivered by mail, when deposited in the mails, (iii) if delivered by posting to an Approved Electronic Platform, an Internet website or a similar telecommunication device requiring that a user have prior access to such Approved Electronic Platform, website or other device (to the extent permitted by Section 9.02(d) to be delivered thereunder), when such notice, demand, request, consent and other communication shall have been made generally available on such Approved Electronic Platform, Internet website or similar device to the class of Person being notified (regardless of whether any such Person must accomplish, and whether or not any such Person shall have accomplished, any action prior to obtaining access to such items, including registration, disclosure of contact information, compliance with a standard user agreement or undertaking a duty of confidentiality) and such Person has been notified in respect of such posting that a communication has been posted to the Approved Electronic Platform and (iv) if delivered by electronic mail or any other telecommunications device, when transmitted to an electronic mail address (or by another means of electronic delivery) as provided in clause (a); provided, however, that notices and communications to the Agent pursuant to Article II or Article VIII shall not be effective until received by the Agent.

(c) Notwithstanding clauses (a) and (b) (unless the Agent requests that the provisions of clause (a) and (b) be followed) and any other provision in this Agreement or any other Loan Document providing for the delivery of any Approved Electronic Communication by any other means, the Loan Parties shall deliver all Approved Electronic Communications to the Agent by properly transmitting such Approved Electronic Communications in an electronic/soft medium in a format acceptable to the Agent to [oploanswebadmin@citigroup.com](mailto:oploanswebadmin@citigroup.com) or such other electronic mail address (or similar means of electronic delivery) as the Agent may notify to the Borrower. Nothing in this clause (c) shall prejudice the right of the Agent or any Lender to deliver any Approved Electronic Communication to any Loan Party in any manner authorized in this Agreement or to request that the Borrower effect delivery in such manner

(d) Posting of Approved Electronic Communications. (i) Each Lender and each Loan Party agrees that the Agent may, but shall not be obligated to, make the Approved Electronic Communications available to the Lenders by posting such Approved Electronic Communications on Debt Domain or a substantially similar electronic platform chosen by the Agent to be its electronic transmission system (the "Approved Electronic Platform").

(ii) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Agent from time to time (including, as of the Effective Date, a dual firewall and a User ID/Password Authorization System) and the Approved Electronic Platform is secured through a single-user-per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each Lender and each Loan Party acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution. In consideration for the convenience and other benefits afforded by such distribution and for the other consideration provided hereunder, the receipt and sufficiency of which is hereby acknowledged, each Lender and each Loan Party hereby approves distribution of the Approved Electronic Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(iii) THE APPROVED ELECTRONIC PLATFORM AND THE APPROVED ELECTRONIC COMMUNICATIONS ARE PROVIDED “AS IS” AND “AS AVAILABLE”. NONE OF THE AGENT NOR ANY OTHER MEMBER OF THE AGENT’S GROUP WARRANT THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE APPROVED ELECTRONIC COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM AND EACH EXPRESSLY DISCLAIMS ANY LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE APPROVED ELECTRONIC COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM.

(iv) Each Lender and each Loan Party agrees that the Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Approved Electronic Communications on the Approved Electronic Platform in accordance with the Agent’s generally-applicable document retention procedures and policies.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04. Costs and Expenses. (a) The Borrower agrees to pay on demand all reasonable costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of one counsel for the Agent in each relevant jurisdiction with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 9.04(a).

(b) The Borrower agrees to indemnify and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an “Indemnified Party”) from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances or Letters of Credit or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, except, with respect to any Indemnified Party, to the extent such claim, damage, loss, liability or expense is determined in a final and non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party’s gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.04(b) applies, such indemnity shall



be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, equityholders or creditors or an Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurocurrency Rate Advance is made by the Borrower to or for the account of a Lender (i) other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08, 2.10 or 2.12, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 9.07 as a result of a demand by the Borrower pursuant to Section 9.07(a), or by an Assuming Lender to or for the account of a Lender other than on the last day of the Interest Period for such Advance upon a redistribution of Borrowings as a result of a Commitment Increase requested by the Borrower pursuant to Section 2.18 or (ii) as a result of a payment or Conversion pursuant to Section 2.08, 2.10 or 2.12, Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.11, 2.14 and 9.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 9.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured; provided that in the event that any Defaulting Lender exercises any such right of setoff, (x) all amounts so set off will be paid over immediately to the Agent for further application in accordance with the provisions of Section 2.19(b) and, pending such payment, will be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Agent, the Issuing Banks and the Lenders and (y) the Defaulting Lender will provide promptly to the Agent a statement describing in reasonable detail the obligations owing to such Defaulting Lender as to which it exercised such right of setoff. Each Lender agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 9.06. Binding Effect. This Agreement shall become effective (other than Section 2.01, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of all of the Lenders.

SECTION 9.07. Assignments and Participations. (a) Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment, its Unissued Letter of Credit Commitment, the Advances owing to it, its participations in Letters of Credit and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of (x) the Revolving Credit Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall be \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and (y) the Letter of Credit Commitment of the assigning Issuing Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall be \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, in each case, unless the Borrower and the Agent otherwise agree and (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note subject to such assignment and a processing and recordation fee of \$3,500 payable by the parties to each such assignment, provided, however, that in the case of each assignment made as a result of a demand by the Borrower, such recordation fee shall be payable by the Borrower except that no such recordation fee shall be payable in the case of an assignment made at the request of the Borrower to an Eligible Assignee that is an existing Lender and provided further that no such assignment shall be made to any Defaulting Lender or Potential Defaulting Lender or any of their respective subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto with respect to the interest assigned and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder, in addition to any rights and obligations theretofore held by it as a Lender, and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.11, 2.14 and 9.04 to the extent any claim thereunder relates to an event arising prior to such assignment) and be released from its obligations (other than its obligations under Section 8.08 to the extent any claim thereunder relates to an event arising prior to such assignment) under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). The assignee, if it is not a Lender, shall deliver to the Agent an Administrative Questionnaire.

In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment will be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment make such additional payments to the Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Agent, the applicable pro rata share of Advances

previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Agent, the Issuing Banks and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Advances and participations in Letters of Credit in accordance with its Revolving Credit Commitment. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder becomes effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest will be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that, to the extent it has so requested, it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(d) The Agent shall maintain at its address referred to in Section 9.02 a copy of each Assumption Agreement and each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. In addition, the Agent shall maintain on the Register information regarding the designation and revocation of designation of any Lender as a Defaulting Lender. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Each Lender may sell participations to one or more banks or other entities (other than the Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and any Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Notes or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any participant or any information relating to a participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the Treasury regulations promulgated under the Internal Revenue Code. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Company Information relating to the Borrower received by it from such Lender in accordance with Section 9.08 hereof.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender (including, without limitation, any pledge or assignment to secure obligations to a Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System and this Section shall not apply to any such pledge or assignment of a security interest; provided that, no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender party hereto interest.

(h) Resignation as Issuing Bank after Assignment. Notwithstanding anything to the contrary contained herein, (i) if at any time any Issuing Bank assigns all of its Revolving Credit Commitments and Advances pursuant to Section 9.07(a), such Person may, upon 30 days' notice to the Borrower and the Lenders, resign as Issuing Bank and (ii) if a Lender becomes, and during the period it remains, a Defaulting Lender or a Potential Defaulting Lender, any Issuing Bank may, upon 30 days' notice to the Borrower and the Lenders, resign as Issuing Bank. In the event of any such resignation as Issuing Bank, the Borrower shall be entitled to appoint from among the Lenders a successor Issuing Bank

hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of such Person as Issuing Bank. If such Person resigns as Issuing Bank, it shall retain all the rights, powers, privileges and duties of an Issuing Bank hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuing Bank and all unreimbursed Letter of Credit drawings with respect thereto. Upon the appointment of a successor Issuing Bank, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Bank and (b) the successor Issuing Bank shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to such Person to effectively assume the obligations of such Person with respect to such Letters of Credit.

SECTION 9.08. Confidentiality. Each of the Agent and the Lenders agrees to maintain the confidentiality of the Company Information (as defined below), except that Company Information may be disclosed (a) to its Related Parties, head office, branches and representative offices, in any jurisdiction (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Company Information and instructed to keep such Company Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners); provided that, unless specifically prohibited by applicable law or court order, prior to any such disclosure, the Agent or such Lender, as applicable, shall notify Borrower of any such request, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document, any action or proceeding relating to this Agreement or any other Loan Document, the enforcement of rights hereunder or thereunder or any litigation or proceeding to which the Agent or any lender or any of their respective Affiliates may be a party, (f) subject to an agreement containing provisions no less restrictive than those of this Section 9.08, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement, (ii) any actual or prospective party (or its managers, administrators, trustees, partners, directors, officers, employees, agents, advisors and other representatives) surety, reinsurer, guarantor or credit liquidity enhancer (or their advisors) to or in connection with any swap, derivative or other similar transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (iii) any rating agency when required by it, or (iv) the CUSIP Service Bureau or any similar organization, (g) to the extent such Company Information (A) is or becomes generally available to the publicly available other than as a result of a breach of this Section 9.08, or (B) becomes available to the Agent, any Lender or any of their respective Affiliates on nonconfidential basis from a source other than the Borrower, (h) to any service provider where required for outsourcing operational, storage, maintenance and/or administrative functions of the Agent or such Lender (provided that the Persons to whom such disclosure is made will be informed of the confidential nature of such Company Information and shall have agreed in writing to keep such Company Information confidential) and (i) with the consent of the Borrower.

For purposes of this Section, "Company Information" means all information received from a Loan Party or any of their respective Subsidiaries relating to a Loan Party or any of their respective Subsidiaries or any of their respective businesses, other than any such information that is available to the Agent or any Lender on a nonconfidential basis prior to disclosure by any Loan Party or any of their respective Subsidiaries, provided that, in the case of information received from a Loan Party or any of their Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Company Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.09. Treatment of Information. (a) Certain of the Lenders may enter into this Agreement and take or not take action hereunder or under the other Loan Documents on the basis of information that does not contain material non-public information with respect to any of the Loan Parties or their securities (“Restricting Information”). Other Lenders may enter into this Agreement and take or not take action hereunder or under the other Loan Documents on the basis of information that may contain Restricting Information. Each Lender acknowledges that United States federal and state securities laws prohibit any person from purchasing or selling securities on the basis of material, non-public information concerning the such issuer of such securities or, subject to certain limited exceptions, from communicating such information to any other Person. Neither the Agent nor any of its Related Parties shall, by making any Communications (including Restricting Information) available to a Lender, by participating in any conversations or other interactions with a Lender or otherwise, make or be deemed to make any statement with regard to or otherwise warrant that any such information or Communication does or does not contain Restricting Information nor shall the Agent or any of its Related Parties be responsible or liable in any way for any decision a Lender may make to limit or to not limit its access to Restricting Information. In particular, none of the Agent nor any of its Related Parties (i) shall have, and the Agent, on behalf of itself and each of its Related Parties, hereby disclaims, any duty to ascertain or inquire as to whether or not a Lender has or has not limited its access to Restricting Information, such Lender’s policies or procedures regarding the safeguarding of material, nonpublic information or such Lender’s compliance with applicable laws related thereto or (ii) shall have, or incur, any liability to any Loan Party or Lender or any of their respective Related Parties arising out of or relating to the Agent or any of its Related Parties providing or not providing Restricting Information to any Lender.

(b) Each Loan Party agrees that (i) all Communications it provides to the Agent intended for delivery to the Lender Parties whether by posting to the Approved Electronic Platform or otherwise shall be clearly and conspicuously marked “PUBLIC” if such Communications do not contain Restricting Information which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof, (ii) by marking Communications “PUBLIC,” each Loan Party shall be deemed to have authorized the Agent and the Lenders to treat such Communications as either publicly available information or not material information (although, in this latter case, such Communications may contain sensitive business information and, therefore, remain subject to the confidentiality undertakings of Section 3) with respect to such Loan Party or its securities for purposes of United States Federal and state securities laws, (iii) all Communications marked “PUBLIC” may be delivered to all Lenders and may be made available through a portion of the Approved Electronic Platform designated “Public Side Information,” and (iv) the Agent shall be entitled to treat any Communications that are not marked “PUBLIC” as Restricting Information and may post such Communications to a portion of the Approved Electronic Platform not designated “Public Side Information.” Neither the Agent nor any of its Affiliates shall be responsible for any statement or other designation by a Loan Party regarding whether a Communication contains or does not contain material non-public information with respect to any of the Loan Parties or their securities nor shall the Agent or any of its Affiliates incur any liability to any Loan Party, any Lender or any other Person for any action taken by the Agent or any of its Affiliates based upon such statement or designation, including any action as a result of which Restricting Information is provided to a Lender that may decide not to take access to Restricting Information. Nothing in this Section 4 shall modify or limit a Lender’s obligations under Section 3 with regard to Communications and the maintenance of the confidentiality of or other treatment of Information.

(c) Each Lender acknowledges that circumstances may arise that require it to refer to Communications that might contain Restricting Information. Accordingly, each Lender agrees that it will nominate at least one designee to receive Communications (including Restricting Information) on its behalf and identify such designee (including such designee’s contact information) as required to the Agent. Each Lender agrees to notify the Agent from time to time of such Lender’s designee’s e-mail

address to which notice of the availability of Restricting Information may be sent by electronic transmission.

(d) Each Lender acknowledges that Communications delivered hereunder and under the other Loan Documents may contain Restricting Information and that such Communications are available to all Lenders generally. Each Lender that elects not to take access to Restricting Information does so voluntarily and, by such election, acknowledges and agrees that the Agent and other Lenders may have access to Restricting Information that is not available to such electing Lender. None of the Agent nor any Lender with access to Restricting Information shall have any duty to disclose such Restricting Information to such electing Lender or to use such Restricting Information on behalf of such electing Lender, and shall not be liable for the failure to so disclose or use, such Restricting Information.

(e) The provisions of the foregoing clauses of this Section 9.09 are designed to assist the Agent, the Lenders and the Loan Parties, in complying with their respective contractual obligations and applicable law in circumstances where certain Lenders express a desire not to receive Restricting Information notwithstanding that certain Communications hereunder or under the other Loan Documents or other information provided to the Lenders hereunder or thereunder may contain Restricting Information. Neither the Agent nor any of its Related Parties warrants or makes any other statement with respect to the adequacy of such provisions to achieve such purpose nor does the Agent nor any of its Related Parties warrant or make any other statement to the effect that a Loan Party's or Lender's adherence to such provisions will be sufficient to ensure compliance by such Loan Party or Lender with its contractual obligations or its duties under applicable law in respect of Restricting Information and each of the Lenders and each Loan Party assumes the risks associated therewith.

SECTION 9.10. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.12. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in Dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase Dollars with such other currency at Citibank's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(b) The obligation of the Borrower in respect of any sum due from it in any currency (the "Primary Currency") to any Lender or the Agent hereunder shall, notwithstanding any judgment in any other currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Agent (as the case may be), of any sum adjudged to be so due in such other currency, such Lender or the Agent (as the case may be) may in accordance with normal banking procedures purchase the applicable Primary Currency with such other currency; if the amount of the applicable Primary Currency so purchased is less than such sum due to such Lender or the Agent (as the case may be) in the applicable Primary Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Agent (as the case may be) against such loss, and if the amount of the applicable Primary Currency so purchased exceeds such sum due to any Lender or the

Agent (as the case may be) in the applicable Primary Currency, such Lender or the Agent (as the case may be) agrees to remit to the Borrower such excess.

SECTION 9.13. Jurisdiction. (a) Each U.S. Loan Party party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Borrower and each other Non-U.S. Loan Party party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each Loan Party party hereto hereby agrees that service of process in any such action or proceeding brought in any such court may be made upon the Borrower and each Loan Party party hereto hereby irrevocably appoints the Borrower its authorized agent to accept such service of process, and agrees that the failure of the Borrower to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. Each Loan Party party hereto hereby further irrevocably consent to the service of process in any action or proceeding in such courts by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to the Borrower at its address specified pursuant to Section 9.02. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to the enforcement of any judgment relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each Non-U.S. Loan Party party hereto hereby irrevocably designates, appoints and empowers CT Corporation System (telephone number: 212-894-8600) (teletype number: 212-894-8690) (address: 111 Eighth Avenue, New York, N.Y. 10011) (the "Process Agent"), in the case of any suit, action or proceeding brought in the United States as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents that may be served in any action or proceeding arising out of or in connection with this Agreement or any other Credit Document. Such service may be made by mailing (by registered or certified mail, postage prepaid) or delivering a copy of such process to such Person in care of the Process Agent at the Process Agent's above address, and such Person hereby irrevocably authorizes and directs the Process Agent to accept such service on its behalf. As an alternative method of service, each Loan Party party hereto irrevocably consents to the service of any and all process in any such action or proceeding by the mailing (by registered or certified mail, postage prepaid) of copies of such process to the Process Agent. Each Loan Party party hereto agrees that a final



judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

SECTION 9.14. No Liability of the Issuing Banks. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither an Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (c) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to the Borrower, to the extent of any direct, but not consequential, damages suffered by the Borrower that the Borrower proves were caused by such Issuing Bank's willful misconduct or gross negligence when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. In furtherance and not in limitation of the foregoing, such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; provided that nothing herein shall be deemed to excuse such Issuing Bank if it acts with gross negligence or willful misconduct in accepting such documents.

SECTION 9.15. Patriot Act Notice; Know-Your Customer; Anti-Money Laundering. (a) Each Lender and the Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Agent, as applicable, to identify the Borrower in accordance with the Patriot Act. The Borrower shall provide such information and take such actions as are reasonably requested by the Agent or any Lenders in order to assist the Agent and the Lenders in maintaining compliance with the Patriot Act.

(b) Each Loan Party shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent, such Lender or any prospective new Lender to carry out and be satisfied with the results of all necessary "know your customer" or other checks in relation to any person that it is required (under any applicable law or regulation) to carry out in respect of the transactions contemplated in the Loan Documents.

(c) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied with the results of all necessary "know your customer" or other checks in relation to any person that it is required (under any applicable law or regulation) to carry out in respect of the transactions contemplated in the Loan Documents.

(d) The Agent shall not be responsible (to any other party) for providing any certification or documents with respect to information (except that in respect of itself) required for any anti-money laundering due diligence purpose. Such certificates and related documents shall be provided directly by the Borrower and other obligors provided that the request for such information may be made through the Agent.

(e) No Lender shall be obliged to do or omit to do anything under this Agreement or any other Loan Document if it would, in its reasonable opinion upon the advice of legal counsel,

constitute a breach of any applicable anti-money laundering, counter-terrorism financing, trade or economic sanctions law or regulation.

SECTION 9.16. Replacement of Lenders. If (a) any Lender requests compensation under Section 2.11 or 2.14, (b) the Borrower is required to pay any additional amount to any Lender or any governmental authority for the account of any Lender pursuant to Section 2.14, (c) any Lender asserts illegality pursuant to Section 2.12, (d) any Lender is a Defaulting Lender or (e) any Lender has not agreed to any amendment, waiver or consent for which (x) the consent of all of the Lenders is required and (y) Lenders owed or holding at least 75% of the sum of all outstanding Revolving Credit Advances plus the aggregate Unused Revolving Credit Commitments have agreed to such amendment, waiver or consent, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.07), all of its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that (i) each such assignment shall be arranged by the Borrower after consultation with the Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (ii) no Lender shall be obligated to make any such assignment unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement and (iii) no Default shall have occurred and be continuing. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 9.17. Waiver of Jury Trial. Each of the Borrower, the Guarantors, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

AVAGO TECHNOLOGIES FINANCE PTE. LTD.

By: /s/ Desmond Lim  
Name: Desmond Lim  
Title: Vice President and Treasurer

Guarantors

AVAGO TECHNOLOGIES HOLDING PTE. LTD.

By: /s/ Desmond Lim  
Name: Desmond Lim  
Title: Vice President and Treasurer

AVAGO TECHNOLOGIES INTERNATIONAL  
SALES PTE. LIMITED

By: /s/ Desmond Lim  
Name: Desmond Lim  
Title: Director, Vice President and Treasurer

AVAGO TECHNOLOGIES U.S. INC.

By: /s/ Douglas R. Bettinger  
Name: Douglas R. Bettinger  
Title: Senior Vice President, Chief  
Financial Officer and Secretary

AVAGO TECHNOLOGIES GENERAL IP (SINGAPORE) PTE.  
LTD.

By: /s/ Desmond Lim  
Name: Desmond Lim  
Title: Director, Vice President and Treasurer

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CITICORP INTERNATIONAL LIMITED  
as Agent

By: /s/ Donny Lam  
Name: Donny Lam  
Title: Senior Vice President

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CITIBANK, N.A.  
as Lender

By: /s/ Kevin A. Ege  
Name: Kevin A. Ege  
Title: Vice President

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BARCLAYS BANK PLC  
as Lender

By: /s/ Ritam Bhalla  
Name: Ritam Bhalla  
Title: Vice President

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OVERSEA-CHINESE BANKING CORPORATION LTD.  
as Lender

By: /s/ Elaine Lam

Name: Elaine Lam

Title: Head, Wholesale Corporate Marketing

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DBS BANK LTD  
as Lender

By: /s/ Terence Yong \_\_\_\_\_  
Name: Terence Yong  
Title: Managing Director

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DEUTSCHE BANK AG NEW YORK BRANCH  
as Lender

By: /s/ Ross Levitsky  
Name: Ross Levitsky  
Title: Managing Director

By: /s/ Yvonne Tilden  
Name: Yvonne Tilden  
Title: Director

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MORGAN STANLEY BANK, N.A.  
as Lender

By: /s/ Sherrese Clarke  
Name: Sherrese Clarke  
Title: Authorized Signatory

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AUSTRALIA AND NEW ZEALAND  
BANKING GROUP LIMITED, SINGAPORE BRANCH  
as Lender

By: /s/ Vishno Shahaney

Name: Vishno Shahaney

Title: Chief Executive Officer &  
Head of Institutional, Singapore

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THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.  
Singapore Branch as Lender

By: /s/ Koki Itakura  
Name: Koki Itakura  
Title: Deputy General Manager

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JPMORGAN CHASE BANK, N.A.  
as Lender

By: /s/ Goh Siew Tan  
Name: Goh Siew Tan  
Title: Vice President

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Agent's Account

Correspondent Bank: Citibank, N.A., New York Branch  
SWIFT: CITIUS33  
Beneficiary Bank A/C NO.: 10990845  
Beneficiary Bank: Citibank, N.A., Hong Kong Branch  
SWIFT: CITIHKHX  
Beneficiary A/C No.: 5-888991001  
Beneficiary Name: Citicorp International Limited  
Attention: Loans Agency

**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 Quarterly Report on Form 10-Q 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: June 9, 2011

**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 Quarterly Report on Form 10-Q 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: June 9, 2011



**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 Quarterly Report on Form 10-Q of Avago Technologies Limited (the "Company") for the quarter ended May 1, 2011 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: June 9, 2011

/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 Quarterly Report on Form 10-Q of Avago Technologies Limited (the "Company") for the quarter ended May 1, 2011 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: June 9, 2011

/s/ Douglas R. Bettinger

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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.

## **Avago Technologies Announces Dividend and Authorization for Share Repurchase Program**

**SAN JOSE, Calif. and SINGAPORE — June 9, 2011** — Avago Technologies Limited (Nasdaq: AVGO), a leading supplier of analog interface components for communications, industrial and consumer applications, today announced that its Board of Directors has approved a quarterly interim cash dividend of \$0.09 per ordinary share and has authorized the repurchase of up to 15 million of the Company's ordinary shares, not to exceed \$500 million of its shares in the aggregate.

The dividend is payable on June 30, 2011 to shareholders of record at the close of business (5:00p.m.) Eastern Time on June 17, 2011.

The authorization of the share repurchase program was made pursuant to the share purchase mandate approved by the Company's shareholders at its 2011 annual general meeting, which authorizes the repurchase by the Company of up to 10% of its outstanding ordinary shares prior to the date of the Company's 2012 annual general meeting. Share repurchases, if any, will be made in the open market at such times and in such amounts as the Company deems appropriate. The Company intends to effect any share purchases in compliance with Securities and Exchange Commission Rule 10b-18 or pursuant to a trading plan adopted pursuant to Rule 10b5-1. The timing and actual number of shares repurchased will depend on a variety of factors including price, market conditions and applicable legal requirements. The share repurchase program does not obligate the Company to repurchase any specific number of shares and may be suspended or terminated at any time without prior notice.

### **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 over 6,500 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 which address our expected future business and financial performance, including statements regarding Avago's plans and expectations with respect to its share repurchase program. 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, and therefore our ability to pay dividends, whether or not we will complete our share repurchase program during any particular time frame or at all and whether our cash and short term investments will be sufficient to fund our share repurchase program, include cyclicalities in the semiconductor industry or in our target markets and general economic conditions; quarterly and annual fluctuations in operating results; our competitive performance

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and ability to continue achieving design wins with our customers; 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; 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; any expenses associated with resolving customer product and warranty and indemnification claims; costs associated with and 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 on March 10, 2011 and other filings with the Securities and Exchange Commission, or "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:**

Avago Technologies Limited  
Jacob Sayer, +1-408-435-7400  
VP Business Development and IR  
[investor.relations@avagotech.com](mailto:investor.relations@avagotech.com)