

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

	Fiscal Quarter Ended			Fiscal Year Ended	
	November 1, 2015	August 2, 2015	November 2, 2014	November 1, 2015	November 2, 2014
Net revenue	\$ 1,840	\$ 1,735	\$ 1,590	\$ 6,824	\$ 4,269
Cost of products sold:					
Cost of products sold	712	694	678	2,750	1,911
Purchase accounting effect on inventory	-	26	10	30	210
Amortization of intangible assets	129	129	108	484	249
Restructuring charges	2	2	6	7	22
Total cost of products sold	843	851	802	3,271	2,392
Gross margin	997	884	788	3,553	1,877
Research and development	287	276	234	1,049	695
Selling, general and administrative	118	143	129	486	407
Amortization of intangible assets	63	68	91	249	197
Restructuring and asset impairment charges	15	98	33	137	140
Total operating expenses	483	585	487	1,921	1,439
Operating income	514	299	301	1,632	438
Interest expense	(41)	(43)	(54)	(191)	(110)
Other income, net	12	11	16	26	14
Income from continuing operations before income taxes	485	267	263	1,467	342
Provision for income taxes	15	23	126	76	33
Income from continuing operations	470	244	137	1,391	309
Loss from discontinued operations, net of income taxes	(41)	(4)	(2)	(27)	(46)
Net income	\$ 429	\$ 240	\$ 135	\$ 1,364	\$ 263
Basic income per share:					
Income per share from continuing operations	\$ 1.70	\$ 0.92	\$ 0.54	\$ 5.27	\$ 1.23
Loss per share from discontinued operations, net of income taxes	\$ (0.15)	\$ (0.01)	\$ (0.01)	\$ (0.10)	\$ (0.18)
Net income per share	\$ 1.55	\$ 0.91	\$ 0.53	\$ 5.17	\$ 1.05
Diluted income per share:					
Income per share from continuing operations	\$ 1.64	\$ 0.85	\$ 0.50	\$ 4.95	\$ 1.16
Loss per share from discontinued operations, net of income taxes	\$ (0.15)	\$ (0.01)	\$ -	\$ (0.10)	\$ (0.17)
Net income per share	\$ 1.49	\$ 0.84	\$ 0.50	\$ 4.85	\$ 0.99
Shares used in per share calculations:					
Basic	276	265	254	264	251
Diluted	287	287	272	281	267
Share-based compensation expense included in continuing operations:					
Cost of products sold	\$ 7	\$ 7	\$ 6	\$ 26	\$ 18
Research and development	30	31	19	107	57
Selling, general and administrative	26	25	24	99	78
Total share-based compensation expense	\$ 63	\$ 63	\$ 49	\$ 232	\$ 153

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

	Fiscal Quarter Ended			Fiscal Year Ended	
	November 1, 2015	August 2, 2015	November 2, 2014	November 1, 2015	November 2, 2014
Net revenue on GAAP basis	\$ 1,840	\$ 1,735	\$ 1,590	\$ 6,824	\$ 4,269
Acquisition-related purchase accounting revenue adjustment	13	15	20	81	38
Net revenue on non-GAAP basis	<u>\$ 1,853</u>	<u>\$ 1,750</u>	<u>\$ 1,610</u>	<u>\$ 6,905</u>	<u>\$ 4,307</u>
Gross margin on GAAP basis	\$ 997	\$ 884	\$ 788	\$ 3,553	\$ 1,877
Acquisition-related purchase accounting revenue adjustment	13	15	20	81	38
Purchase accounting effect on inventory	-	26	10	30	210
Amortization of intangible assets	129	129	108	484	249
Share-based compensation expense	7	7	6	26	18
Restructuring charges	2	2	6	7	22
Acquisition-related costs	1	-	1	3	7
Gross margin on non-GAAP basis	<u>\$ 1,149</u>	<u>\$ 1,063</u>	<u>\$ 939</u>	<u>\$ 4,184</u>	<u>\$ 2,421</u>
Research and development on GAAP basis	\$ 287	\$ 276	\$ 234	\$ 1,049	\$ 695
Share-based compensation expense	30	31	19	107	57
Acquisition-related costs	-	-	1	9	6
Research and development on non-GAAP basis	<u>\$ 257</u>	<u>\$ 245</u>	<u>\$ 214</u>	<u>\$ 933</u>	<u>\$ 632</u>
Selling, general and administrative expense on GAAP basis	\$ 118	\$ 143	\$ 129	\$ 486	\$ 407
Share-based compensation expense	26	25	24	99	78
Acquisition-related costs	11	33	16	62	61
Selling, general and administrative expense on non-GAAP basis	<u>\$ 81</u>	<u>\$ 85</u>	<u>\$ 89</u>	<u>\$ 325</u>	<u>\$ 268</u>
Total operating expenses on GAAP basis	\$ 483	\$ 585	\$ 487	\$ 1,921	\$ 1,439
Amortization of intangible assets	63	68	91	249	197
Share-based compensation expense	56	56	43	206	135
Restructuring and asset impairment charges	15	98	33	137	140
Acquisition-related costs	11	33	17	71	67
Total operating expenses on non-GAAP basis	<u>\$ 338</u>	<u>\$ 330</u>	<u>\$ 303</u>	<u>\$ 1,258</u>	<u>\$ 900</u>
Operating income on GAAP basis	\$ 514	\$ 299	\$ 301	\$ 1,632	\$ 438
Acquisition-related purchase accounting revenue adjustment	13	15	20	81	38
Purchase accounting effect on inventory	-	26	10	30	210
Amortization of intangible assets	192	197	199	733	446
Share-based compensation expense	63	63	49	232	153
Restructuring and asset impairment charges	17	100	39	144	162
Acquisition-related costs	12	33	18	74	74
Operating income on non-GAAP basis	<u>\$ 811</u>	<u>\$ 733</u>	<u>\$ 636</u>	<u>\$ 2,926</u>	<u>\$ 1,521</u>
Other income, net on GAAP basis	\$ 12	\$ 11	\$ 16	\$ 26	\$ 14
Write-off of debt issuance costs	-	-	-	13	-
Other	(2)	(3)	-	(5)	-
Other income, net on non-GAAP basis	<u>\$ 10</u>	<u>\$ 8</u>	<u>\$ 16</u>	<u>\$ 34</u>	<u>\$ 14</u>
Income from continuing operations before income taxes on GAAP basis	\$ 485	\$ 267	\$ 263	\$ 1,467	\$ 342
Acquisition-related purchase accounting revenue adjustment	13	15	20	81	38
Purchase accounting effect on inventory	-	26	10	30	210
Amortization of intangible assets	192	197	199	733	446
Share-based compensation expense	63	63	49	232	153
Restructuring and asset impairment charges	17	100	39	144	162
Acquisition-related costs	12	33	18	74	74
Write-off of debt issuance costs	-	-	-	13	-
Other	(2)	(3)	-	(5)	-
Income before income taxes on non-GAAP basis	<u>\$ 780</u>	<u>\$ 698</u>	<u>\$ 598</u>	<u>\$ 2,769</u>	<u>\$ 1,425</u>
Provision for income taxes on GAAP basis	\$ 15	\$ 23	\$ 126	\$ 76	\$ 33
Income tax effects of non-GAAP reconciling adjustments	28	15	(84)	80	49
Provision for income taxes on non-GAAP basis	<u>\$ 43</u>	<u>\$ 38</u>	<u>\$ 42</u>	<u>\$ 156</u>	<u>\$ 82</u>
Net income on GAAP basis	\$ 429	\$ 240	\$ 135	\$ 1,364	\$ 263

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

	Fiscal Quarter Ended			Fiscal Year Ended	
	November 1, 2015	August 2, 2015	November 2, 2014	November 1, 2015	November 2, 2014
Acquisition-related purchase accounting revenue adjustment	13	15	20	81	38
Purchase accounting effect on inventory	-	26	10	30	210
Amortization of intangible assets	192	197	199	733	446
Share-based compensation expense	63	63	49	232	153
Restructuring and asset impairment charges	17	100	39	144	162
Acquisition-related costs	12	33	18	74	74
Write-off of debt issuance costs	-	-	-	13	-
Other	(2)	(3)	-	(5)	-
Income tax effects of non-GAAP reconciling adjustments	(28)	(15)	84	(80)	(49)
Discontinued operations, net of income taxes	41	4	2	27	46
Net income on non-GAAP basis	<u>\$ 737</u>	<u>\$ 660</u>	<u>\$ 556</u>	<u>\$ 2,613</u>	<u>\$ 1,343</u>
Shares used in per share calculation - diluted on GAAP basis	287	287	272	281	267
Non-GAAP adjustment	7	7	8	10	7
Shares used in per share calculation - diluted on non-GAAP basis ⁽¹⁾	<u>294</u>	<u>294</u>	<u>280</u>	<u>291</u>	<u>274</u>
Days sales outstanding on GAAP basis	50	43	45		
Non-GAAP adjustment	-	(1)	(3)		
Days sales outstanding on non-GAAP basis ⁽²⁾	<u>50</u>	<u>42</u>	<u>42</u>		
Inventory Days on Hand on GAAP basis	67	64	69		
Non-GAAP adjustment	1	3	1		
Inventory Days on Hand on non-GAAP basis ⁽³⁾	<u>68</u>	<u>67</u>	<u>70</u>		

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

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

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

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

	Fiscal Quarter Ended												Growth Rates			
	November 1, 2015				August 2, 2015				November 2, 2014				GAAP		Non-GAAP	
	GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP		Q/Q	Y/Y	Q/Q	Y/Y
Net revenue by segment:																
Wireless Communications	\$ 680	37 %	\$ 680	37 %	\$ 616	36 %	\$ 616	35 %	\$ 628	40 %	\$ 628	39 %	10%	8%	10%	8%
Enterprise Storage	639	35	639	35	588	34	588	34	463	29	463	29	9%	38%	9%	38%
Wired Infrastructure	378	20	378	20	372	21	372	21	352	22	352	22	2%	7%	2%	7%
Industrial & Other ⁽¹⁾	143	8	156	8	159	9	174	10	147	9	167	10	-10%	-3%	-10%	-7%
Total net revenue	<u>\$ 1,840</u>	<u>100 %</u>	<u>\$ 1,853</u>	<u>100 %</u>	<u>\$ 1,735</u>	<u>100 %</u>	<u>\$ 1,750</u>	<u>100 %</u>	<u>\$ 1,590</u>	<u>100 %</u>	<u>\$ 1,610</u>	<u>100 %</u>				

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

	<u>November 1, 2015</u>	<u>November 2, 2014 ⁽¹⁾</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,822	\$ 1,604
Trade accounts receivable, net	1,019	782
Inventory	524	519
Assets held-for-sale	22	628
Other current assets	388	302
Total current assets	<u>3,775</u>	<u>3,835</u>
Property, plant and equipment, net	1,460	1,158
Goodwill	1,674	1,596
Intangible assets, net	3,277	3,617
Other long-term assets	406	285
Total assets	<u>\$ 10,592</u>	<u>\$ 10,491</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 617	\$ 515
Employee compensation and benefits	250	219
Other current liabilities	206	236
Current portion of long-term debt	46	46
Total current liabilities	<u>1,119</u>	<u>1,016</u>
Long-term liabilities:		
Long-term debt	3,903	4,543
Convertible notes payable to related party - non-current	-	920
Pension and post-retirement benefit obligations	475	506
Other long-term liabilities	381	263
Total liabilities	<u>5,878</u>	<u>7,248</u>
Shareholders' equity:		
Ordinary shares, no par value	2,547	2,009
Retained earnings	2,240	1,284
Accumulated other comprehensive loss	(73)	(50)
Total shareholders' equity	<u>4,714</u>	<u>3,243</u>
Total liabilities and shareholders' equity	<u>\$ 10,592</u>	<u>\$ 10,491</u>

(1) Amounts as of November 2, 2014 have been derived from audited financial statements as of that date.

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

	Fiscal Quarter Ended			Fiscal Year Ended	
	November 1, 2015	August 2, 2015	November 2, 2014	November 1, 2015	November 2, 2014
Cash flows from operating activities:					
Net income	\$ 429	\$ 240	\$ 135	\$ 1,364	\$ 263
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	250	256	250	962	625
Amortization of debt issuance costs and accretion of debt discount	4	4	7	22	14
Share-based compensation	63	63	54	232	163
Tax benefits of share-based compensation	25	32	42	130	42
Excess tax from share-based compensation	(23)	(32)	(39)	(125)	(39)
Non-cash portion of restructuring and asset impairment charges	2	70	9	77	9
Loss (gain) on sale of businesses	28	-	(18)	14	(18)
Deferred taxes	(185)	(33)	(72)	(220)	(92)
Other	8	1	(8)	28	(1)
Changes in assets and liabilities, net of acquisitions and disposals:					
Trade accounts receivable, net	(209)	(2)	(180)	(187)	(70)
Inventory	(1)	20	(6)	62	193
Accounts payable	81	(29)	52	29	13
Employee compensation and benefits	20	29	2	8	20
Other current assets and current liabilities	12	(39)	188	(118)	219
Other long-term assets and long-term liabilities	78	12	(35)	40	(166)
Net cash provided by operating activities	582	592	381	2,318	1,175
Cash flows from investing activities:					
Proceeds from sale of businesses	-	-	450	650	450
Acquisition of businesses, net of cash acquired	-	(394)	(317)	(394)	(5,961)
Purchases of property, plant and equipment	(106)	(148)	(189)	(593)	(409)
Proceeds from disposals of property, plant and equipment	47	-	-	110	-
Purchases of investments	(5)	-	-	(14)	-
Proceeds from sale of investments	-	-	21	-	35
Net cash used in investing activities	(64)	(542)	(35)	(241)	(5,885)
Cash flows from financing activities:					
Debt repayments	(12)	(1,010)	(12)	(1,639)	(12)
Payment of assumed debt	-	(178)	-	(178)	-
Proceeds from term loan borrowings	-	-	-	-	4,600
Proceeds from issuance of convertible senior notes	-	-	-	-	1,000
Debt issuance costs	-	-	-	-	(124)
Issuance of ordinary shares	55	56	38	241	124
Dividend payments to shareholders	(116)	(104)	(81)	(408)	(284)
Repurchases of ordinary shares	-	-	-	-	(12)
Excess tax from share-based compensation	23	32	39	125	39
Other	-	-	(3)	-	(2)
Net cash (used in) provided by financing activities	(50)	(1,204)	(19)	(1,859)	5,329
Net change in cash and cash equivalents	468	(1,154)	327	218	619
Cash and cash equivalents at beginning of period	1,354	2,508	1,277	1,604	985
Cash and cash equivalents at end of period	<u>\$ 1,822</u>	<u>\$ 1,354</u>	<u>\$ 1,604</u>	<u>\$ 1,822</u>	<u>\$ 1,604</u>