

BROADCOM CORP
Form 10-Q
April 27, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2010

or

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

Commission file number: 000-23993

Broadcom Corporation

(Exact Name of Registrant as Specified in Its Charter)

California

(State or Other Jurisdiction
of Incorporation or Organization)

33-0480482

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

5300 California Avenue

Irvine, California 92617-3038

(Address of Principal Executive Offices) (Zip Code)

(949) 926-5000

(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 for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 March 31, 2010 the registrant had 440.7 million shares of Class A common stock, \$0.0001 par value, and 55.7 million shares of Class B common stock, \$0.0001 par value, outstanding.

BROADCOM CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTHS ENDED MARCH 31, 2010
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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****BROADCOM CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2010	December 31, 2009
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,507,909	\$ 1,397,093
Short-term marketable securities	536,198	532,281
Accounts receivable, net	607,186	508,627
Inventory	403,439	362,428
Prepaid expenses and other current assets	107,284	113,903
Total current assets	3,162,016	2,914,332
Property and equipment, net	227,586	229,317
Long-term marketable securities	310,919	438,616
Goodwill	1,372,666	1,329,614
Purchased intangible assets, net	216,968	150,927
Other assets	63,851	64,436
Total assets	\$ 5,354,006	\$ 5,127,242
 LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 479,216	\$ 437,353
Wages and related benefits	148,223	190,315
Deferred revenue and income	77,864	87,388
Accrued liabilities	467,853	433,294
Total current liabilities	1,173,156	1,148,350
Long-term deferred revenue	606	608
Other long-term liabilities	85,754	86,438
Commitments and contingencies		
Shareholders' equity:		
Common stock	50	50
Additional paid-in capital	11,138,719	11,153,060
Accumulated deficit	(7,048,905)	(7,259,069)
Accumulated other comprehensive income (loss)	4,626	(2,195)
Total shareholders' equity	4,094,490	3,891,846
Total liabilities and shareholders' equity	\$ 5,354,006	\$ 5,127,242

See accompanying notes.

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BROADCOM CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	March 31,	
	2010	2009
	(In thousands, except per share data)	
Net revenue:		
Product revenue	\$ 1,404,344	\$ 828,230
Income from Qualcomm Agreement	51,674	
Licensing revenue	6,281	25,206
Total net revenue	1,462,299	853,436
Costs and expenses:		
Cost of product revenue	695,322	446,277
Research and development	420,844	372,724
Selling, general and administrative	132,908	125,048
Amortization of purchased intangible assets	2,647	4,159
Restructuring costs, net	430	7,111
Settlement costs, net	2,816	1,150
Total operating costs and expenses	1,254,967	956,469
Income (loss) from operations	207,332	(103,033)
Interest income, net	2,314	4,398
Other income, net	2,858	1,646
Income (loss) before income taxes	212,504	(96,989)
Provision (benefit) for income taxes	2,340	(5,049)
Net income (loss)	\$ 210,164	\$ (91,940)
Net income (loss) per share (basic)	\$ 0.42	\$ (0.19)
Net income (loss) per share (diluted)	\$ 0.40	\$ (0.19)
Weighted average shares (basic)	495,359	490,195
Weighted average shares (diluted)	526,967	490,195
Dividends per share	\$ 0.08	\$

The following table presents details of total stock-based compensation expense *included* in each functional line item in the unaudited condensed consolidated statements of operations above:

	Three Months Ended	
	March 31,	
	2010	2009
	(In thousands)	
Cost of product revenue	\$ 6,515	\$ 5,877
Research and development	89,043	89,262
Selling, general and administrative	31,083	28,634

See accompanying notes.

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BROADCOM CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	March 31,	
	2010	2009
	(In thousands)	
Operating activities		
Net income (loss)	\$ 210,164	\$ (91,940)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	19,973	21,749
Stock-based compensation expense:		
Stock options and other awards	35,416	46,744
Restricted stock units	91,225	77,029
Amortization of purchased intangible assets	9,866	8,272
Non-cash restructuring charges		2,663
Gain on sale of marketable securities		(1,046)
Changes in operating assets and liabilities:		
Accounts receivable	(94,267)	17,446
Inventory	(33,762)	101,260
Prepaid expenses and other assets	13,190	(1,467)
Accounts payable	44,191	(76,616)
Deferred revenue and income	(9,526)	379
Accrued settlement costs	(893)	
Other accrued and long-term liabilities	(17,761)	(13,763)
Net cash provided by operating activities	267,816	90,710
Investing activities		
Net purchases of property and equipment	(18,153)	(12,457)
Net cash received from (paid for) acquired companies	(102,482)	2,139
Purchases of strategic investments	(5,000)	
Purchases of marketable securities	(65,186)	(109,706)
Proceeds from sales and maturities of marketable securities	189,415	134,112
Net cash provided by (used in) investing activities	(1,406)	14,088
Financing activities		
Repurchases of Class A common stock	(153,952)	
Dividends paid	(39,637)	
Payment of assumed debt	(14,560)	
Proceeds from issuance of common stock	82,157	4,805
Minimum tax withholding paid on behalf of employees for restricted stock units	(29,602)	(16,076)
Net cash used in financing activities	(155,594)	(11,271)
Increase in cash and cash equivalents	110,816	93,527
Cash and cash equivalents at beginning of period	1,397,093	1,190,645
Cash and cash equivalents at end of period	\$ 1,507,909	\$ 1,284,172

See accompanying notes.

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BROADCOM CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2010

1. Summary of Significant Accounting Policies

Our Company

Broadcom Corporation (including our subsidiaries, referred to collectively in this Report as Broadcom, we, our and us) is a major technology innovator and global leader in semiconductors for wired and wireless communications. Our system-on-a-chip (SoC) and software solutions enable the delivery of voice, video, data and rich multimedia content to mobile devices, consumer electronics (CE) devices in the home and business networking products for the workplace, data centers, service providers and carriers. We provide the industry's broadest portfolio of cutting-edge SoC solutions to manufacturers of computing and networking equipment, CE and broadband access products, and mobile devices.

Basis of Presentation

The interim unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP, for interim financial information and with the instructions to Securities and Exchange Commission, or SEC, Form 10-Q and Article 10 of SEC Regulation S-X. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2009, included in our Annual Report on Form 10-K filed with the SEC February 3, 2010.

The interim unaudited condensed consolidated financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly our consolidated financial position at March 31, 2010 and December 31, 2009, and our consolidated results of operations and cash flows for the three months ended March 31, 2010 and 2009. The results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results to be expected for future quarters or the full year.

Certain prior period amounts in the unaudited condensed consolidated statements of operations have been reclassified to conform with the current period presentation of the separate display of product revenue, income from the Qualcomm agreement and licensing revenue as described below.

We have evaluated subsequent events through the date of issuance of the unaudited condensed consolidated financial statements. During this period we did not have any material subsequent events.

Use of Estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of total net revenue and expenses in the reporting periods. We regularly evaluate estimates and assumptions related to revenue recognition, rebates, allowances for doubtful accounts, sales returns and allowances, warranty reserves, inventory reserves, stock-based compensation expense, goodwill and purchased intangible asset valuations, strategic investments, deferred income tax asset valuation allowances, uncertain tax positions, tax contingencies, self-insurance, restructuring costs (reversals), litigation and other loss contingencies. These estimates and assumptions are based 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 recording of revenue, costs and expenses that are not readily apparent from other sources. The actual results we experience may differ materially and adversely from our estimates. To the extent there are material differences between the estimates and actual results, our future results of operations will be affected.

Table of Contents**Revenue Recognition**

Our product revenue consists principally of sales of semiconductor devices and, to a lesser extent, software licenses and royalties, development, support and maintenance agreements, data services and cancellation fees. The majority of our product sales occur through the efforts of our direct sales force. The remaining balance of product sales occurs through distributors. Our licensing revenue and income from the Qualcomm Agreement is generated from the licensing of intellectual property. See Note 2 for a summary of the composition of our net revenue.

Product Revenue

We recognize product revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the price to the customer is fixed or determinable, and (iv) collection of the resulting receivable is reasonably assured. These criteria are usually met at the time of product shipment. However, we do not recognize revenue when any significant obligations remain. We record reductions of revenue for estimated product returns and pricing adjustments, such as competitive pricing programs and rebates, in the same period that the related revenue is recorded. The amount of these reductions is based on historical sales returns, analysis of credit memo data, specific criteria included in rebate agreements, and other factors known at the time. We accrue 100% of potential rebates at the time of sale and do not apply a breakage factor. We reverse the accrual for unclaimed rebate amounts as specific rebate programs contractually end or when we believe unclaimed rebates are no longer subject to payment and will not be paid. See Note 2 for a summary of our rebate activity.

A portion of our product sales is made through distributors under agreements allowing for pricing credits and/or rights of return. These pricing credits and/or right of return provisions prevent us from being able to reasonably estimate the final price of the inventory to be sold and the amount of inventory that could be returned pursuant to these agreements. As a result, the criterion listed in (iii) in the paragraph above has not been met at the time we deliver products to our distributors. Accordingly, product revenue from sales made through these distributors is not recognized until the distributors ship the product to their customers. We also maintain inventory, or hubbing, arrangements with certain of our customers. Pursuant to these arrangements we deliver products to a customer or a designated third party warehouse based upon the customers' projected needs, but do not recognize product revenue unless and until the customer reports that it has removed our product from the warehouse to be incorporated into its end products.

Revenue from software licenses is recognized when all revenue recognition criteria are met and, if applicable, when vendor specific objective evidence, or VSOE, exists to allocate the total license fee to each element of multiple-element software arrangements, including post-contract customer support. Post-contract support is recognized ratably over the term of the related contract. When a contract contains multiple elements wherein the only undelivered element is post-contract customer support and VSOE of the fair value of post-contract customer support does not exist, revenue from the entire arrangement is recognized ratably over the support period. Software royalty revenue is recognized based upon reports received from licensees during the period, unless collectibility is not reasonably assured, in which case revenue is recognized when payment is received from the licensee. Revenue from cancellation fees is recognized when cash is received from the customer.

In September 2009 the Financial Accounting Standards Board, or FASB, reached a consensus on Accounting Standards Update, or ASU, 2009-13, *Revenue Recognition (Topic 605) Multiple-Deliverable Revenue Arrangements*, or ASU 2009-13 and ASU 2009-14, *Software (Topic 985) Certain Revenue Arrangements That Include Software Elements*, or ASU 2009-14. ASU 2009-13 modifies the requirements that must be met for an entity to recognize revenue from the sale of a delivered item that is part of a multiple-element arrangement when other items have not yet been delivered. ASU 2009-13 establishes a selling price hierarchy that allows for the use of an estimated selling price to determine the allocation of arrangement consideration to a deliverable in a multiple element arrangement where neither VSOE nor third-party evidence, or TPE, is available for that deliverable. In the absence of VSOE or TPE of the standalone selling price for one or more delivered or undelivered elements in a multiple-element arrangement, entities are required to estimate the selling prices of those elements. Overall arrangement consideration is allocated to each element (both delivered and undelivered items) based on their relative selling prices, regardless of whether those selling prices are evidenced by VSOE or TPE or are based on the entity's estimated selling price. The residual method of allocating arrangement consideration has been eliminated.

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2009-14 modifies the software revenue recognition guidance to exclude from its scope tangible products that contain both software and non-software components that function together to deliver a product's essential functionality. We adopted the provisions of these ASUs effective January 1, 2010 and they did not have a material impact on our results of operations.

Income from the Qualcomm Agreement

On April 26, 2009 we entered into a four-year Settlement and Patent License and Non-Assert Agreement, or the Qualcomm Agreement, with QUALCOMM Incorporated, or Qualcomm. The Qualcomm Agreement is a multiple element arrangement which includes: (i) an exchange of intellectual property rights, including in certain circumstances, by a series of covenants not to assert claims of patent infringement under future patents issued within one to four years of the execution date of the agreement, (ii) the assignment of certain existing patents by Broadcom to Qualcomm with Broadcom retaining a royalty-free license under these patents, and (iii) the settlement of all outstanding litigation and claims between us and Qualcomm. The proceeds of the Qualcomm Agreement were allocated amongst the principal elements of the transaction. A gain from the settlement of litigation was immediately recognized that approximates the value of awards determined by the United States District Court for the Central District of California. The remaining consideration was predominantly associated with the transfer of current and future intellectual property rights, as well as the settlement of all other outstanding litigation, and is being recognized within net revenue over the performance period of four years as a single unit of accounting. However this income will be limited to the lesser of the cumulative straight-line amortization over the four year performance period or the cumulative cash proceeds received.

Licensing of Intellectual Property

Revenue and related income from the licensing of intellectual property is recognized based upon either the performance period of the license or upon receipt of licensee reports as applicable in our various intellectual property arrangements.

Deferred Revenue and Income

We defer revenue and income when advance payments are received from customers before performance obligations have been completed and/or services have been performed. Deferred revenue and income do not include amounts from products delivered to distributors that the distributors have not yet sold through to their end customers.

Stock-Based Compensation

Broadcom has in effect stock incentive plans under which incentive stock options have been granted to employees and restricted stock units and non-qualified stock options have been granted to employees and non-employee members of the Board of Directors. We also have an employee stock purchase plan for all eligible employees. We are required to estimate the fair value of share-based awards on the date of grant. The value of the award is principally recognized as expense ratably over the requisite service periods. The fair value of our restricted stock units is based on the closing market price of our Class A common stock on the date of grant less our expected dividend yield. We have estimated the fair value of stock options and stock purchase rights as of the date of grant or assumption using the Black-Scholes option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and that are freely transferable. The Black-Scholes model considers, among other factors, the expected life of the award, the expected volatility of our stock price and the expected dividend yield. We evaluate the assumptions used to value stock options and stock purchase rights on a quarterly basis. The fair values generated by the Black-Scholes model may not be indicative of the actual fair values of our equity awards, as it does not consider other factors important to those awards to employees, such as continued employment, periodic vesting requirements and limited transferability.

Table of Contents**Fair Value of Financial Instruments**

Our financial instruments consist principally of cash and cash equivalents, short- and long-term marketable securities, accounts receivable and accounts payable. The fair value of substantially all our cash equivalents and marketable securities is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The fair value of commercial paper included in cash equivalents was determined based on Level 2 inputs, which were derived based on quoted prices for identical or similar assets, which had few transactions near the measurement period. We believe that the recorded values of all our other financial instruments approximate their current fair values because of their nature and respective relatively short maturity dates or durations.

Marketable Securities

We maintain an investment portfolio of various security holdings, types and maturities. Broadcom defines marketable securities as income yielding securities that can be readily converted into cash. Examples of marketable securities include U.S. Treasury and agency obligations, commercial paper, corporate notes and bonds, time deposits, foreign notes and certificates of deposit. We place our cash investments in instruments that meet credit quality standards, as specified in our investment policy guidelines. These guidelines also limit the amount of credit exposure to any one issue, issuer or type of instrument. It is our policy to invest in instruments that have a final maturity not to exceed three years and a portfolio weighted average maturity not to exceed 18 months. We do not use derivative financial instruments. All of our marketable securities are rated AA-/Aa3 or A-1/P-1 or above by the major credit rating agencies.

We account for our investments in debt and equity instruments as available-for-sale. Management determines the appropriate classification of such securities at the time of purchase and re-evaluates such classification as of each balance sheet date. Cash equivalents and marketable securities are reported at fair value with the related unrealized gains and losses included in accumulated other comprehensive income (loss), a component of shareholders' equity, net of tax. We assess whether our investments with unrealized loss positions are other than temporarily impaired. Unrealized gains and losses and declines in value judged to be other than temporary are determined based on the specific identification method and are reported in other income (expense), net in the unaudited condensed consolidated statements of operations.

Goodwill and Other Long-Lived Assets

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the acquired net tangible and intangible assets. Other long-lived assets primarily represent purchased intangible assets including developed technology, customer relationships and in-process research and development, or IPR&D. We currently amortize our intangible assets with definitive lives over periods ranging from one to fifteen years using a method that reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up or, if that pattern cannot be reliably determined, using a straight-line amortization method. We capitalize IPR&D projects. On completion of each project, IPR&D assets will be amortized over their estimated useful lives. If any of the projects are abandoned, we would be required to impair the related IPR&D asset.

Guarantees and Indemnifications

In some agreements to which we are a party, we have agreed to indemnify the other party for certain matters such as product liability. We include intellectual property indemnification provisions in our standard terms and conditions of sale for our products and have also included such provisions in certain agreements with third parties. We have and will continue to evaluate and provide reasonable assistance for these other parties. This may include certain levels of financial support to minimize the impact of the litigation in which they are involved. To date, there have been no known events or circumstances that have resulted in any material costs related to these indemnification provisions and no liabilities therefor have been recorded in the accompanying unaudited condensed consolidated financial statements. However, the maximum potential amount of the future payments we could be required to make under these indemnification obligations could be significant.

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We have obligations to indemnify certain of our present and former directors, officers and employees to the maximum extent not prohibited by law. Under these obligations, Broadcom is required (subject to certain exceptions) to indemnify each such director, officer and employee against expenses, including attorneys fees, judgments, fines and settlements, paid by such individual. The potential amount of the future payments we could be required to make under these indemnification obligations could be significant. We maintain directors and officers insurance policies that may generally limit our exposure and enable us to recover a portion of the amounts paid with respect to such obligations; however, we will not be able to effect any further recoveries under such policies with respect to currently pending litigation concerning our prior equity award practices.

Recent Accounting Pronouncements

In January 2010 the FASB issued ASU 2009-16, *Accounting for Transfers of Financial Assets (FASB Statement No. 166, Accounting for Transfers of Financial Assets)*, or ASU 2009-16, which eliminates the concept of a qualifying special-purpose entity (QSPE), revises conditions for reporting a transfer of a portion of a financial asset as a sale (e.g., loan participations), clarifies the derecognition criteria, eliminates special guidance for guaranteed mortgage securitizations, and changes the initial measurement of a transferor's interest in transferred financial assets. ASU 2009-16 is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2009. We adopted the provisions of this ASU effective January 1, 2010, which did not have a material impact on our financial statements.

In January 2010 the FASB issued ASU 2009-17, *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (FASB Statement No. 167, Amendments to FASB Interpretation No. 46 (R))*, which revises analysis for identifying the primary beneficiary of a variable interest entity, or VIE, by replacing the previous quantitative-based analysis with a framework that is based more on qualitative judgments. The new guidance requires the primary beneficiary of a VIE to be identified as the party that both (i) has the power to direct the activities of a VIE that most significantly impact its economic performance and (ii) has an obligation to absorb losses or a right to receive benefits that could potentially be significant to the VIE. ASU 2009-17 is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2009. We adopted the provisions of this ASU effective January 1, 2010, which did not have a material impact on our financial statements.

2. Supplemental Financial Information**Net Revenue**

The following table presents details of our product revenue:

	Three Months Ended	
	March 31,	
	2010	2009
Product sales made through direct sales force ⁽¹⁾	80.5%	82.4%
Product sales made through distributors	19.5	17.6
	100.0%	100.0%

(1) Includes 5.5% and 7.8% of product sales maintained under hubbing arrangements with certain of our customers in the three months ended March 31,

2010 and 2009,
respectively.

Income from the Qualcomm Agreement is expected to be recognized in the remainder of 2010 through 2013 as follows:

	2010	2011	2012	2013	Thereafter	Total
	(In thousands)					
Income from Qualcomm Agreement	\$ 155,021	\$ 206,695	\$ 186,012	\$ 86,400	\$	\$ 634,128
			9			

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The following table presents details of our inventory:

	March 31, 2010	December 31, 2009
	(In thousands)	
Work in process	\$ 213,644	\$ 157,148
Finished goods	189,795	205,280
	\$ 403,439	\$ 362,428

Property and Equipment

The following table presents details of our property and equipment:

	Useful Life (In years)	March 31, 2010	December 31, 2009
		(In thousands)	
Leasehold improvements	1 to 10	\$ 163,387	\$ 163,302
Office furniture and equipment	3 to 7	26,672	26,382
Machinery and equipment	3 to 5	250,912	235,142
Computer software and equipment	2 to 4	126,767	122,213
Construction in progress	N/A	4,393	6,666
		572,131	553,705
Less accumulated depreciation and amortization		(344,545)	(324,388)
		\$ 227,586	\$ 229,317

Goodwill

The following table summarizes the activity related to the carrying value of our goodwill:

	Reportable Segments			
	Broadband Communications	Mobile & Wireless	Enterprise Networking	Consolidated
	(In thousands)			
Goodwill	\$ 483,029	\$ 802,269	\$ 1,873,623	\$ 3,158,921
Accumulated impairment losses		(543,198)	(1,286,109)	(1,829,307)
Goodwill at January 1, 2010	\$ 483,029	\$ 259,071	\$ 587,514	\$ 1,329,614
Goodwill acquired during the year		1,124	35,799	36,923
Goodwill at March 31, 2010	\$ 483,029	\$ 260,195	\$ 623,313	\$ 1,366,537
Effects of foreign currency translation				6,129
Goodwill at March 31, 2010				\$ 1,372,666

Table of Contents**Purchased Intangible Assets**

The following table presents details of our purchased intangible assets:

	March 31, 2010			December 31, 2009		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(In thousands)					
Developed technology	\$ 325,050	\$ (214,726)	\$ 110,324	\$ 278,297	\$ (207,517)	\$ 70,780
In-process research and development	61,460		61,460	50,860		50,860
Customer relationships	120,566	(81,297)	39,269	107,366	(79,212)	28,154
Customer backlog	5,736	(4,191)	1,545	3,736	(3,736)	
Other	9,414	(8,186)	1,228	9,214	(8,081)	1,133
	\$ 522,226	\$ (308,400)	\$ 213,826	\$ 449,473	\$ (298,546)	\$ 150,927
Effects of foreign currency translation			3,142			
			\$ 216,968			\$ 150,927

The following table presents details of the amortization of purchased intangible assets *included* in the cost of product revenue and other operating expense categories:

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Cost of product revenue	\$ 7,219	\$ 4,113
Other operating expenses	2,647	4,159
	\$ 9,866	\$ 8,272

The following table presents details of the amortization of existing purchased intangible assets, including IPR&D, that is currently estimated to be expensed in the remainder of 2010 and thereafter:

	Purchased Intangible Asset Amortization by Year					
	2010	2011	2012	2013	Thereafter	Total
	(In thousands)					
Cost of product revenue	\$ 23,377	\$ 37,921	\$ 40,413	\$ 31,949	\$ 40,579	\$ 174,239
Other operating expenses	14,695	6,381	3,443	3,083	15,127	42,729
	\$ 38,072	\$ 44,302	\$ 43,856	\$ 35,032	\$ 55,706	\$ 216,968

Table of Contents**Accrued Liabilities**

The following table presents details of our accrued liabilities:

	March 31, 2010	December 31, 2009
	(In thousands)	
Accrued rebates	\$ 194,574	\$ 162,212
Accrued settlement charges	175,814	176,707
Accrued legal costs	29,553	36,739
Accrued taxes	12,960	13,854
Warranty reserve	14,458	10,430
Restructuring liabilities	898	1,328
Other	39,596	32,024
	\$ 467,853	\$ 433,294

Other Long-Term Liabilities

The following table presents details of our other long-term liabilities:

	March 31, 2010	December 31, 2009
	(In thousands)	
Deferred rent	\$ 33,319	\$ 32,931
Accrued taxes	23,747	24,919
Deferred tax liabilities	22,925	22,722
Other long-term liabilities	5,763	5,866
	\$ 85,754	\$ 86,438

Accrued Rebate Activity

The following table summarizes the activity related to accrued rebates:

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Beginning balance	\$ 162,212	\$ 125,058
Charged as a reduction of revenue	103,870	50,515
Reversal of unclaimed rebates	(1,829)	(2,836)
Payments	(69,679)	(60,794)
Ending balance	\$ 194,574	\$ 111,943

Table of Contents**Warranty Reserve Activity**

The following table summarizes activity related to the warranty reserve:

	Three Months Ended March 31, 2010 2009 (In thousands)	
Beginning balance	\$ 10,430	\$ 11,473
Charged to costs and expenses	4,610	1,054
Payments	(582)	(912)
Ending balance	\$ 14,458	\$ 11,615

Restructuring Activity

The following table summarizes activity related to our current and long-term restructuring liabilities:

	Three Months Ended March 31, 2010 (In thousands)	
Beginning balance	\$	1,328
Charged to expense		442
Reversal of restructuring costs		(12)
Payments		(860)
Ending balance	\$	898

Computation of Net Income Per Share

The following table presents the computation of net income per share:

	Three Months Ended March 31, 2010 2009 (In thousands, except per share data)	
Numerator: Net income (loss)	\$ 210,164	\$ (91,940)
Denominator: Weighted average shares outstanding	495,382	490,289
Less: Unvested common shares outstanding	(23)	(94)
Denominator for net income per share (basic)	495,359	490,195
Effect of dilutive securities:		
Unvested common shares outstanding	11	
Stock awards	31,597	
Denominator for net income per share (diluted)	526,967	490,195
Net income (loss) per share (basic)	\$ 0.42	\$ (0.19)
Net income (loss) per share (diluted)	\$ 0.40	\$ (0.19)

Net income per share (diluted) does not include the effect of anti-dilutive common share equivalents resulting from outstanding equity awards. There were 52.5 million and 126.3 million anti-dilutive common

share equivalents in the three months ended March 31, 2010 and 2009, respectively.

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Supplemental Cash Flow Information

We paid \$7.6 million in the three months ended March 31, 2010 related to capital equipment purchases that were accrued at December 31, 2009 and had billings of \$4.3 million for capital equipment that were accrued but not yet paid as of March 31, 2010. In addition, at March 31, 2010 we had foreign currency translation adjustments of \$9.3 million related to goodwill and purchased intangible assets. These amounts have been excluded from the unaudited condensed consolidated statements of cash flows.

3. Business Combinations

In March 2010 we acquired Teknovus, Inc., a leading supplier of Ethernet Passive Optical Network chipsets and software, for \$100.1 million, net of cash acquired. We also assumed \$14.6 million of debt which was subsequently repaid in the three months ended March 31, 2010. We also made an additional acquisition in 2010 for \$2.4 million. There were no equity awards assumed in these acquisitions. There were no acquisitions consummated in the three months ended March 31, 2009.

A portion of the cash consideration in the above acquisitions is currently held in escrow pursuant to the terms of the acquisition agreements and is reflected in goodwill as we believe the likelihood of the escrow fund being utilized by us is remote.

Our primary reason for the Teknovus acquisition was to enter into and expand our market share in the Enterprise Networking market, reduce the time required to develop new technologies and products and bring them to market, incorporate enhanced functionality into and complement our existing product offerings, augment our engineering workforce, and enhance our technological capabilities. The principal factor that resulted in recognition of goodwill was that the purchase price for each acquisition was based in part on cash flow projections assuming the integration of any acquired technology and products with our products, which is of considerably greater value than utilizing each acquired company's technology or product on a standalone basis.

We allocated the purchase price of each of these acquisitions to tangible assets, liabilities and identifiable intangible assets acquired, as well as IPR&D, if identified, based on their estimated fair values. The excess of each purchase price over the aggregate fair values was recorded as goodwill. The fair value assigned to identifiable intangible assets acquired was based on estimates and assumptions made by management. Intangible assets, including IPR&D, are amortized using a method that reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up or, if that pattern cannot be reliably determined, using a straight-line amortization method.

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We calculated the fair value of the tangible and intangible assets acquired to allocate the purchase prices on the respective acquisition dates. Based upon those calculations, the purchase prices for the acquisitions were allocated as follows:

	2010 Acquisitions (In thousands)
Fair Market Values	
Cash and cash equivalents	\$ 9,196
Accounts receivable, net	4,292
Inventory	7,249
Prepaid and other current assets	863
Property and equipment, net	1,640
Other assets	70
Goodwill	36,923
Purchased intangible assets	72,753
Total assets acquired	132,986
Accounts payable	(970)
Wages and related benefits	(1,308)
Debt	(14,560)
Accrued liabilities	(3,813)
Long-term liabilities	(658)
Total liabilities assumed	(21,309)
Purchase price allocation	\$ 111,677

	Useful Life (In years)	2010 Acquisitions (In thousands)
Purchased Intangible Assets:		
Developed technology	2 - 10	\$ 46,753
In-process research and development	3 - 7	10,600
Customer relationships	2	13,200
Other	1 - 4	2,200
		\$ 72,753

Purchased Intangible Assets

Developed technology represents core technology and completed technology. Core technology represents the fundamental technology that survives multiple product iterations and has passed technological feasibility. We generally use a relief-from-royalty method to value core technology, based on market royalties for similar fundamental technologies. The relief-from-royalty method estimates the cost savings that accrue to the owner of an intangible asset that would otherwise be payable as royalties or license fees on revenues earned through the use of the asset. The royalty rate used is based on an analysis of empirical, market-derived royalty rates for guideline intangible assets. Typically, revenue is projected over the expected remaining useful life of the completed technology. The market-derived royalty rate is then applied to estimate the royalty savings. Completed technology is specific to certain products acquired that have also passed technological feasibility. We generally use a multi-period excess earnings approach to value completed technology. The multi-period

excess earnings approach calculates the value based on the risk adjusted present value of the cash flows specific to the products, allowing for a reasonable return.

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Customer relationships represent future projected revenue that will be derived from sales of future versions of existing products to existing customers of the acquired companies.

In-Process Research and Development

In 2010 we capitalized \$10.6 million of IPR&D costs primarily related to our acquisition of Teknovus. Upon completion of each project, the related IPR&D assets will be amortized over their estimated useful lives. If any of the projects are abandoned, we will be required to impair the related IPR&D asset.

The fair value of the IPR&D for each of the acquisitions was determined using the income approach. Under the income approach, the expected future cash flows from each project under development are estimated and discounted to their net present values at an appropriate risk-adjusted rate of return. Significant factors considered in the calculation of the rate of return are the weighted average cost of capital and return on assets, as well as the risks inherent in the development process, including the likelihood of achieving technological success and market acceptance. Each project was analyzed to determine the unique technological innovations, the existence and reliance on core technology, the existence of any alternative future use or current technological feasibility, and the complexity, cost and time to complete the remaining development. Future cash flows for each project were estimated based on forecasted revenue and costs, taking into account the expected product life cycles, market penetration and growth rates.

The following table summarizes the significant assumptions underlying the valuation of IPR&D at the acquisition date:

Company Acquired	Development Projects	Weighted Average Estimated Percent Complete	Average Estimated Time to Complete (In years)	Estimated Cost to Complete (In millions)	Risk Adjusted Discount Rate	IPR&D (In millions)
Teknovus, Inc.	Ethernet Passive Optical Network (EPON) chipsets and software	11.2%	0.9	\$ 19.3	25.9%	\$ 10.6

As of the acquisition date, certain ongoing development projects were in process. The assumptions consist primarily of expected completion dates for the IPR&D projects, estimated costs to complete the projects, and revenue and expense projections for the products once they have entered the market. Research and development costs to bring the products of the acquired companies to technological feasibility are not expected to have a material impact on our results of operations or financial condition. At March 31, 2010 all development projects from our Dune Networks, Inc. and Teknovus acquisitions were still in process. Actual results to date have been consistent, in all material respects, with our assumptions at the time of the acquisitions.

Supplemental Pro Forma Data (Unaudited)

The unaudited pro forma statement of operations data below gives effect to the Dune Networks and Teknovus acquisitions that were completed in December 2009 and March 2010, respectively, as if they had occurred at the beginning of 2009. The following data includes the amortization of purchased intangible assets and stock-based compensation expense. This pro forma data is presented for informational purposes only and does not purport to be indicative of the results of future operations or of the results that would have occurred had the acquisitions taken place at the beginning of 2009.

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	Three Months Ended March 31,	
	2010	2009
	(In thousands, except per share data)	
Pro forma net revenue	\$ 1,468,542	\$ 866,215
Pro forma net income (loss)	\$ 202,835	\$ (102,062)
Pro forma net income (loss) per share (diluted)	\$ 0.38	\$ (0.21)

4. Cash, Cash Equivalents and Marketable Securities

A summary of our cash, cash equivalents and short- and long-term marketable securities by major security type follows:

	Cash and Cash Equivalents	Short-Term Marketable Securities	Long-Term Marketable Securities	Total
	(In thousands)			
March 31, 2010				
Cash	\$ 64,301	\$	\$	\$ 64,301
Time deposits	848,090			848,090
U.S. Treasury and agency money market funds	493,943			493,943
U.S. Treasury and agency obligations		518,896	301,766	820,662
Corporate bonds		17,302	9,153	26,455
Institutional money market funds	101,575			101,575
	\$ 1,507,909	\$ 536,198	\$ 310,919	\$ 2,355,026
December 31, 2009				
Cash	\$ 74,044	\$	\$	\$ 74,044
Time deposits	571,959			571,959
U.S. Treasury and agency money market funds	515,930			515,930
U.S. Treasury and agency obligations		521,022	436,518	957,540
Commercial paper ⁽¹⁾	79,988			79,988
Corporate bonds		11,259	2,098	13,357
Institutional money market funds	155,172			155,172
	\$ 1,397,093	\$ 532,281	\$ 438,616	\$ 2,367,990

(1) The fair value of the \$80.0 million of commercial paper included in cash equivalents at December 31,

2009 was determined based on Level 2 inputs, which were derived based on quoted prices for identical or similar assets, which had few transactions near the measurement period. There were no transfers between Level 1 and Level 2 securities during the three months ended March 31, 2010.

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The following table shows the gross unrealized gains and losses and fair values for those investments aggregated by major security type:

	Cost	Gross Unrealized Gains (In thousands)	Gross Unrealized Losses	Fair Value
March 31, 2010				
U.S. Treasury and agency obligations	\$ 818,869	\$ 1,859	\$ (66)	\$ 820,662
Corporate bonds	26,461	12	(18)	26,455
	\$ 845,330	\$ 1,871	\$ (84)	\$ 847,117
December 31, 2009				
U.S. Treasury and agency obligations	\$ 956,944	\$ 724	\$ (128)	\$ 957,540
Commercial paper	79,988			79,988
Corporate bonds	13,364	5	(12)	13,357
	\$ 1,050,296	\$ 729	\$ (140)	\$ 1,050,885

All of our long-term marketable securities had maturities of between one and two years in duration at March 31, 2010.

As of March 31, 2010 we had 25 investments that were in an unrealized loss position of \$0.1 million. The gross unrealized losses related to these investments were due to changes in interest rates. We have determined that the gross unrealized losses on these investments at March 31, 2010 are temporary in nature. We review our investments to identify and evaluate investments that have an indication of possible other-than-temporary impairment. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the investee, and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value.

5. Income Taxes

We recorded a tax provision of \$2.3 million and a tax benefit of \$5.0 million in the three months ended March 31, 2010 and 2009, respectively. Our effective tax rates were 1.0% and 5.2% in the three months ended March 31, 2010 and 2009, respectively. The difference between our effective tax rates and the 35% federal statutory rate resulted primarily from foreign earnings taxed at rates lower than the federal statutory rate in the three months ended March 31, 2010 and 2009, domestic losses recorded without income tax benefit in the three months ended March 31, 2009, and \$3.9 million of tax benefits in the three months ended March 31, 2010 resulting primarily from the March 22, 2010 decision in the U.S. Court of Appeals for the Ninth Circuit case concerning Xilinx (as discussed below) and \$1.0 million of tax benefits in the three months ended March 31, 2009, resulting primarily from the expiration of the statutes of limitations for the assessment of taxes in various foreign jurisdictions. Additionally, we recorded a tax benefit of \$3.9 million in the three months ended March 31, 2009 reflecting the utilization of a portion of our credits for increasing research activities (research and development tax credits) pursuant to a provision contained in the *American Recovery and Reinvestment Act of 2009*, which was enacted in February 2009.

We utilize the asset and liability method of accounting for income taxes. We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial performance. Forming a conclusion that a valuation allowance is not required is difficult when there is negative evidence such as cumulative losses in recent years. As a result of our recent cumulative losses in the U.S. and certain foreign jurisdictions, and the full utilization of our loss carryback opportunities, we have concluded that a full valuation allowance should be recorded in such jurisdictions. In certain other foreign jurisdictions where we do not have cumulative losses, we had net deferred tax liabilities of \$10.7 million and \$11.2 million at

March 31, 2010 and December 31, 2009, respectively.

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As previously disclosed, on May 27, 2009, the U.S. Court of Appeals for the Ninth Circuit in the case between Xilinx, Inc. and the Commissioner of Internal Revenue, overturned a 2005 U.S. Tax Court ruling regarding treatment of certain compensation expenses under a Company's research and development cost-sharing arrangements with affiliates. The Court of Appeals held that related parties to such an arrangement must share stock-based compensation expenses, notwithstanding the fact that unrelated parties in such an arrangement would not share such costs. The case was subject to further appeal. As a result of this May 27, 2009 decision, we reduced our gross deferred tax assets for federal and state net operating loss carryforwards and capitalized research and development costs, increased in our deferred tax assets for certain tax credits, and increased our tax provision in 2009 by \$3.2 million.

On January 13, 2010, the U.S. Court of Appeals for the Ninth Circuit withdrew its May 27, 2009 ruling in the Xilinx case and subsequently issued a new decision in favor of Xilinx on March 22, 2010, thereby affirming the August 30, 2005 decision of the U.S. Tax Court. Consequently, during the quarter ended March 31, 2010, we reversed the amounts we had previously recorded in 2009 related to the court's May 27, 2009 decision. As a result, in the quarter ended March 31, 2010, we reduced our tax provision by \$3.2 million and adjusted certain of our gross deferred tax assets. Included in these adjustments was an increase in our federal and state net operating loss carryforwards of approximately \$665 million and \$455 million, respectively, an increase of federal and state capitalized research and development costs of approximately \$10 million each, an increase in our deferred tax assets relating to stock-based compensation of approximately \$65 million, and a decrease in certain tax credits of approximately \$10 million. These changes in our gross deferred tax assets were fully offset by a valuation allowance adjustment, and therefore did not result in any change in our net deferred tax assets or our income tax expense for the three months ended March 31, 2010. In addition to the adjustments related to the March 22, 2010 Xilinx decision, in the three months ended March 31, 2010, we reduced our federal and state net operating losses by approximately \$60 million for adjustments to our intercompany charges to foreign affiliates for the years ended 2001 to 2009. This reduction to our net operating losses is fully offset by a corresponding adjustment to the valuation allowance for deferred tax assets resulting in no net change to net deferred tax assets in our unaudited condensed consolidated balance sheet and no adjustment to our income tax expense.

We file federal, state and foreign income tax returns in jurisdictions with varying statutes of limitations. The 2004 through 2009 tax years generally remain subject to examination by federal and most state tax authorities. In foreign jurisdictions, the 2002 through 2009 tax years generally remain subject to examination by tax authorities.

Our income tax returns for the 2004, 2005 and 2006 tax years and our employment tax returns for the 2003, 2004, 2005 and 2006 tax years are currently under examination by the Internal Revenue Service. We do not expect that the results of these examinations will have a material effect on our financial condition or results of operations. In March 2010, a Notice of Proposed Adjustment, or NOPA, was received relating to the IRS examination of our 2004, 2005 and 2006 income tax returns. The NOPA primarily relates to cost-sharing methodologies of stock based compensation, as well as other cost-sharing related issues. In light of the Ninth Circuit Xilinx decision, we believe the stock based compensation matters identified in the NOPA and the settlement of the remaining proposed adjustments will not result in a material adverse financial impact on our results of operations.

We operate under tax holidays in Singapore, which are effective through March 31, 2014. The tax holidays are conditional upon our continued compliance in meeting certain employment and investment thresholds.

The research and development tax credit provisions of the *Emergency Economic Stabilization Act of 2008* expired December 31, 2009 and were not extended as of March 31, 2010. As of March 31, 2010 our federal and state research and development tax credits totaled \$838.2 million, which is subject to a full valuation allowance.

6. Shareholders' Equity**Share Repurchase Programs**

From time to time our Board of Directors has authorized various programs to repurchase shares of our Class A common stock depending on market conditions and other factors. We repurchased a total of 5.2 million shares of our Class A common stock at a weighted average price of \$29.75 per share in the three months ended March 31,

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2010 under the program we announced in July 2008. This program to repurchase shares with an aggregate value of up to \$1.0 billion was completed in March 2010, at which time we had repurchased 47.6 million shares of Class A common stock at a weighted average price of \$21.01 per share under the program.

In February 2010 we announced that our Board of Directors had authorized an evergreen share repurchase program intended to offset dilution associated with our stock incentive plans. The maximum number of shares of our Class A common stock that may be repurchased in any one year is equal to the total number of shares issued pursuant to our equity awards in the previous year and the current year. Purchases may be made in both the open market and through negotiated transactions. The share repurchase program does not have an expiration date and may be suspended at any time at the discretion of the Board of Directors. This program may also be complemented with an additional share repurchase program in the future. There have been no repurchases to date under this program.

Repurchases under our share repurchase programs were and are intended to be made in open market or privately negotiated transactions in compliance with Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Quarterly Dividend

In January 2010 our Board of Directors adopted a dividend policy pursuant to which we intend to pay quarterly cash dividends on our common stock. We declared the first quarterly cash dividend of \$0.08 per common share payable to holders of our common stock. The dividend was paid March 8, 2010 to holders of our Class A and Class B common stock of record at the close of business February 19, 2010 and totaled \$39.6 million.

Comprehensive Income

The components of comprehensive income (loss), net of taxes, are as follows:

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Net income (loss)	\$ 210,164	\$ (91,940)
Other comprehensive income (loss):		
Unrealized gain (loss) on marketable securities, net of tax	1,198	(2,764)
Translation adjustments	5,623	1,099
Total comprehensive income (loss)	\$ 216,985	\$ (93,605)

Table of Contents**7. Employee Benefit Plans****Combined Incentive Plan Activity**

Activity under all stock option incentive plans in the three months ended March 31, 2010 is set forth below:

	Number of Shares (In thousands)	Options Outstanding		Weighted Average Grant-Date Fair Value per Share
		Exercise Price Range per Share	Weighted Average Exercise Price per Share	
Balance at December 31, 2009	113,406	\$.01 - 81.50	\$ 25.71	\$ 15.71
Options granted	2,668	29.39 - 31.82	29.46	9.39
Options cancelled	(422)	.01 - 45.94	34.39	15.95
Options exercised	(4,015)	.01 - 32.98	20.52	22.35
Balance at March 31, 2010	111,637	\$.01 - 81.50	\$ 25.95	\$ 15.32

Restricted stock unit activity in the three months ended March 31, 2010 is set forth below:

	Number of Shares (In thousands)	Restricted Stock Units Outstanding	
		Weighted Average Grant-Date Fair Value per Share	Weighted Average Grant-Date Fair Value per Share
Balance at December 31, 2009	28,693	\$ 25.58	
Restricted stock units granted	9,657	28.91	
Restricted stock units cancelled	(303)	25.29	
Restricted stock units vested	(2,974)	28.52	
Balance at March 31, 2010	35,073	\$ 26.25	

In February 2010, as part of Broadcom's regular annual equity compensation review program, our Compensation Committee granted 10.1 million shares subject to equity awards, which included 2.2 million shares under employee stock options and 7.9 million restricted stock units. The amount of unearned stock-based compensation associated with these awards is \$247.6 million and is estimated to be expensed from 2010 through 2014.

The per share fair values of stock options and employee stock purchase rights granted in the three months ended March 31, 2010 in connection with stock incentive plans and rights granted in connection with the employee stock purchase plan have been estimated with the following weighted average assumptions:

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	Employee Stock Options	Employee Stock Purchase Rights
Expected life (in years)	4.50	0.62
Volatility	0.39	0.38
Risk-free interest rate	1.99%	0.21%
Dividend yield	1.10%	0.60%
Weighted average fair value	\$9.39	\$7.08

The weighted average fair values per share of the restricted stock units granted in the three months ended March 31, 2010 was \$28.91 calculated based on the fair market value of our Class A common stock on the respective grant dates less any expected dividend yield.

Stock-Based Compensation Expense

The following table presents details of total stock-based compensation expense that is *included* in each functional line item on our unaudited condensed consolidated statements of operations:

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Cost of product revenue	\$ 6,515	\$ 5,877
Research and development	89,043	89,262
Selling, general and administrative	31,083	28,634
	\$ 126,641	\$ 123,773

The amount of unearned stock-based compensation currently estimated to be expensed from 2010 through 2014 related to unvested share-based payment awards at March 31, 2010 is \$991.8 million. The following table presents details of unearned stock-based compensation currently estimated to be expensed in the remainder of 2010 through 2014 related to unvested share-based payment awards at March 31, 2010:

	2010	2011	2012	2013	2014	Total
	(In thousands)					
Unearned stock-based compensation	\$336,191	\$338,558	\$208,229	\$102,000	\$6,779	\$991,757

The weighted-average period over which the unearned stock-based compensation is expected to be recognized is 1.5 years.

If there are any modifications or cancellations of the underlying unvested awards, we may be required to accelerate, increase or cancel any remaining unearned stock-based compensation expense. Future stock-based compensation expense and unearned stock-based compensation will increase to the extent that we grant additional equity awards or assume unvested equity awards in connection with acquisitions.

8. Litigation

Intellectual Property Proceedings. In December 2006 SiRF Technology, Inc., or SiRF, filed a complaint in the United States District Court for the Central District of California against Global Locate, Inc., a privately-held company that became a wholly-owned subsidiary of Broadcom in July 2007, alleging that certain Global Locate products infringe four SiRF patents relating generally to GPS technology. In January 2007 Global Locate filed an answer denying the allegations in SiRF's complaint and asserting counterclaims. The counterclaims seek a declaratory judgment that the four SiRF patents are invalid and not infringed, assert that SiRF has infringed four

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Global Locate patents relating generally to GPS technology, and assert unfair competition and antitrust violations related to the filing of sham litigation. In May 2007 the court granted Global Locate's motion to stay the case until the U.S. International Trade Commission, or ITC, actions between Global Locate and SiRF, discussed below, become final.

In February 2007 SiRF filed a complaint in the ITC alleging that Global Locate engaged in unfair trade practices by importing integrated circuits and other products that infringe, both directly and indirectly, four SiRF patents relating generally to GPS technology. The complaint seeks an exclusion order to bar importation of those Global Locate products into the United States and a cease and desist order to bar further sales of infringing Global Locate products that have already been imported. In March 2007 the ITC instituted an investigation of Global Locate based upon the allegations made in the SiRF complaint. SiRF withdrew two patents from the investigation, and an ITC administrative law judge conducted a hearing on SiRF's remaining two patents in suit in March 2008. In June 2008 the ITC administrative law judge issued an initial determination finding SiRF's two patents not infringed and one patent invalid. In August 2008 the ITC denied SiRF's petition to review the administrative law judge's initial determination finding no violation, thereby adopting the administrative law judge's initial determination as the final determination of the ITC and terminating the investigation. In October 2008 SiRF filed a notice of appeal with the United States Court of Appeal for the Federal Circuit. In March 2009, SiRF filed a request to withdraw its appeal which was subsequently granted by the United States Court of Appeal for the Federal Circuit.

In April 2007 Global Locate filed a complaint in the ITC against SiRF and four of its customers, e-TEN Corporation, Pharos Science & Applications, Inc., MiTAC International Corporation and Mio Technology Limited, referred to collectively as the SiRF Defendants, asserting that the SiRF Defendants engaged in unfair trade practices by importing GPS devices, including integrated circuits and embedded software, incorporated in products such as personal navigation devices and GPS-enabled cellular telephones that infringe, both directly and indirectly, six Global Locate patents relating generally to GPS technology. The complaint seeks an exclusion order to bar importation of the SiRF Defendants' products into the United States and a cease and desist order to bar further sales of infringing products that have already been imported. In May 2007 the ITC instituted an investigation of the SiRF Defendants based upon the allegations made in the Global Locate complaint. A hearing was held in April and May 2008. In August 2008 the administrative law judge issued an initial determination finding that SiRF and the other SiRF Defendants infringed each of Global Locate's six patents, and that each of the six patents was not invalid and issued a recommended determination on remedy and bonding. In October 2008 the ITC determined, in part, not to review the administrative law judge's initial determination finding violation of three of Global Locate's patents. The ITC also decided to review the administrative law judge's initial determination that three other Global Locate patents were infringed by SiRF.

In January 2009 the Commission issued a Final Determination and upheld the ITC administrative law judge's August 2008 initial determination finding that SiRF and the other SiRF respondents infringe six Global Locate patents and that each of the six patents was not invalid. The Commission also issued an exclusion order banning the importation into the United States of infringing SiRF chips and the SiRF Defendants' products containing infringing SiRF chips and a cease and desist order prohibiting SiRF and the certain other SiRF Defendants from engaging in certain activities related to the infringing chips. In April 2010, the United States Court of Appeals for the Federal Circuit affirmed the ITC's decision.

In May 2008 Broadcom filed a complaint in the United States District Court for the Central District of California against SiRF, alleging that certain SiRF GPS and multimedia products infringe four Broadcom patents relating generally to graphics and communications technology. The District Court complaint seeks preliminary and permanent injunctions against SiRF and the recovery of monetary damages, including treble damages for willful infringement, and attorneys' fees. In June 2008 SiRF answered the complaint and asserted counterclaims seeking a declaratory judgment that Broadcom's patents are invalid and not infringed. In September 2008 the court denied SiRF's motion to stay the case. Discovery is ongoing. In October 2009, Broadcom amended its complaint to add CSR plc as a defendant and assert claims alleging false advertisement and unfair competition. In October 2009 SiRF answered the amended complaint denying liability and asserting counterclaims alleging false advertising and unfair competition. In December 2009 we answered SiRF's counterclaims denying liability. In December 2009, the judge granted the parties joint stipulation of dismissal with prejudice for all claims relating to one of the Broadcom patents; three Broadcom

patents remain in the lawsuit. Trial has been set for January 2011.

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In October 2007 Wi-LAN Inc. filed complaints against us and multiple other defendants in the United States District Court for the Eastern District of Texas alleging that certain Broadcom products infringe three Wi-LAN patents relating generally to wireless LAN and DSL technology. The complaint seeks a permanent injunction against us as well as the recovery of monetary damages and attorneys' fees. We filed an answer in January 2008 denying the allegations in Wi-LAN's complaint and asserting counterclaims seeking a declaratory judgment that the three Wi-LAN patents are invalid, unenforceable and not infringed. In February 2009 Wi-LAN filed a supplemental complaint alleging that certain Broadcom products infringe a fourth Wi-LAN patent relating generally to Bluetooth technology. The complaint seeks a permanent injunction against us as well as the recovery of monetary damages and attorneys' fees. We filed an answer in February 2009 denying the allegations in Wi-LAN's complaint and asserting counterclaims seeking a declaratory judgment that the fourth Wi-LAN patent is invalid, unenforceable and not infringed. Discovery is ongoing. Trial has been set for January 2011.

In April 2010, Wi-LAN Inc. filed a new complaint against us and multiple other defendants in the United States District Court for the Eastern District of Texas alleging that certain Broadcom Bluetooth products infringe a fifth Wi-LAN patent. The complaint seeks a permanent injunction, damages, and attorney's fees. We are reviewing the complaint and have not yet filed a response. No trial date has been set.

In September 2009 we filed a complaint in the United States District Court for the Central District of California against Emulex Corporation, or Emulex, alleging infringement of ten patents generally relating to networking technologies. In February 2010, we amended our complaint to allege infringement of an additional patent, bringing the total to eleven. Our complaint seeks preliminary and permanent injunctions against Emulex and the recovery of monetary damages, including treble damages for willful infringement, and attorneys' fees. In its answer, Emulex denied liability and asserted counterclaims seeking a declaratory judgment that the eleven patents are invalid and not infringed. Discovery is currently underway, with trial set for September 2011.

In November 2009 we filed a complaint in the United States District Court for the Eastern District of Texas against the Commonwealth Scientific and Industrial Research Organisation (CSIRO) seeking a declaratory judgment that U.S. Patent Number 5,487,069 is invalid, unenforceable and not infringed. CSIRO has not yet answered the complaint. Trial has been set for October 2011.

Securities Litigation and Other Related Matters. In November 2009 Emulex filed a complaint in the Central District of California against Broadcom alleging violation of the antitrust laws, defamation, and unfair competition. The complaint seeks injunctive relief and monetary damages, including treble damages and attorneys' fees. In January 2010, Emulex filed an amended complaint in which Emulex removed, among other things, the claim of unfair competition. In February 2010, we filed motions to dismiss the case, which are scheduled to be heard in May 2010. No trial date has been set. We intend to defend this action vigorously.

From March through August 2006 a number of purported Broadcom shareholders filed putative shareholder derivative actions, the Options Derivative Actions, against Broadcom, each of the then members of our Board of Directors and certain current or former officers, alleging, among other things, that the defendants improperly dated certain Broadcom employee stock option grants. Four of those cases, *Murphy v. McGregor, et al.* (Case No. CV06-3252 R (CWx)), *Shei v. McGregor, et al.* (Case No. SACV06-663 R (CWx)), *Ronconi v. Dull, et al.* (Case No. SACV 06-771 R (CWx)) and *Jin v. Broadcom Corporation, et al.* (Case No. 06CV00573) have been consolidated in the United States District Court for the Central District of California. The plaintiffs filed a consolidated amended complaint in November 2006. In addition, two putative shareholder derivative actions, *Pirelli Armstrong Tire Corp. Retiree Med. Benefits Trust v. Samuelli, et al.* (Case No. 06CC0124) and *Servais v. Samuelli, et al.* (Case No. 06CC0142), were filed in the California Superior Court for the County of Orange. The Superior Court consolidated the state court derivative actions in August 2006, and the plaintiffs filed a consolidated amended complaint in September 2006. The plaintiffs in the Options Derivative Actions contend, among other things, that the defendants' conduct violated United States and California securities laws, breached defendants' fiduciary duties, wasted corporate assets, unjustly enriched the defendants, and caused errors in our consolidated financial statements. The plaintiffs seek, among other things, unspecified damages and disgorgement of profits from the alleged conduct, to be paid to Broadcom.

In January 2007 the California Superior Court granted defendants' motion to stay the state derivative action pending resolution of the prior-filed federal derivative action. In March 2007 the court in the federal

derivative action denied our motion to dismiss, which motion was based on the ground that the shareholder plaintiffs lack

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standing to assert claims on behalf of Broadcom. Motions to dismiss filed by the individual defendants were heard, and mostly denied, in May 2007. Additionally, in May 2007 the Board of Directors established a special litigation committee, or SLC, to decide what course of action Broadcom should pursue in respect of the claims asserted in the Options Derivative Actions.

In August 2009 Broadcom, by and through its SLC, plaintiffs and certain of the defendants executed a Stipulation and Agreement of Partial Settlement, or Partial Derivative Settlement, in the federal derivative action pertaining to past employee stock option grants. The Partial Derivative Settlement resolved all claims in the action against the defendants, other than three individuals: Dr. Henry T. Nicholas, III, our former President and Chief Executive Officer and former Co-Chairman of the Board, William J. Ruehle, our former Chief Financial Officer, and Dr. Henry Samueli, our Chief Technical Officer. In connection with the Partial Derivative Settlement, Broadcom and certain of the defendants also entered into a settlement with Broadcom's directors and officers liability insurance carriers, or Insurance Agreement. On September 30, 2009 the United States District Court for the Central District of California issued an order preliminarily approving the Partial Derivative Settlement. On December 14, 2009, the District Court entered an order granting final approval of the Partial Derivative Settlement. On January 6, January 8 and January 11, 2010, Dr. Nicholas, Mr. Ruehle, and Dr. Samueli filed notices of appeal of the order in the United States Court of Appeals for the Ninth Circuit.

On March 31, 2010 the SLC formally and unanimously adopted a Report of the Special Litigation Committee of the Board of Directors of Broadcom, or Report. On April 1, 2010, the SLC directed Broadcom's General Counsel to file a motion for summary judgment in the derivative action based on the findings and recommendations of the Report. That motion was filed April 5, 2010, seeking dismissal of the claims against the three remaining defendants. We cannot predict whether the District Court will grant the motion.

From August through October 2006 several plaintiffs filed purported shareholder class actions in the United States District Court for the Central District of California against Broadcom and certain of our current or former officers and directors, entitled *Bakshi v. Samueli, et al.* (Case No. 06-5036 R (CWx)), *Mills v. Samueli, et al.* (Case No. SACV 06-9674 DOC R(CWx)), and *Minnesota Bakers Union Pension Fund, et al. v. Broadcom Corp., et al.* (Case No. SACV 06-970 CJC R (CWx)), the Stock Option Class Actions. The essence of the plaintiffs' allegations is that we improperly backdated stock options, resulting in false or misleading disclosures concerning, among other things, our business and financial condition. Plaintiffs also allege that we failed to account for and pay taxes on stock options properly, that the individual defendants sold our common stock while in possession of material nonpublic information, and that the defendants' conduct caused artificial inflation in our stock price and damages to the putative plaintiff class. The plaintiffs assert claims under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. In November 2006 the Court consolidated the Stock Option Class Actions and appointed the New Mexico State Investment Council as lead class plaintiff. In October 2007 the federal appeals court resolved a dispute regarding the appointment of lead class counsel. In March 2008 the district judge entered a revised order appointing lead class counsel. The lead plaintiff filed an amended consolidated class action complaint in late April 2008, naming additional defendants including certain current officers and directors of Broadcom as well as Ernst & Young LLP, our former independent registered public accounting firm, or E&Y. In October 2008 the district judge granted defendants' motions to dismiss with leave to amend. In October 2008 the lead plaintiff filed an amended complaint. In November 2008 defendants filed motions to dismiss. In February 2009 these motions were denied except with respect to E&Y and the former Chairman of the Audit Committee, which were granted with leave to amend, and with respect to the former Chief Executive Officer, which was granted without leave to amend. The lead plaintiff did not amend its complaint with respect to the former Chairman of the Audit Committee and the time period to do so has expired. With respect to E&Y, in March 2009 the district judge entered a final judgment for E&Y and against the lead plaintiff. The lead plaintiff has appealed the final judgment.

In December 2009 we agreed in principle to settle the Stock Option Class Actions. Under the proposed settlement, the claims against Broadcom and its current and former officers and directors will be dismissed with prejudice and released in exchange for a \$160.5 million cash payment by Broadcom. We recorded the settlement amount as a one-time charge in 2009. The proposed settlement remains subject to the satisfaction of various conditions, including negotiation and execution of a final stipulation of settlement and court

approval. If these conditions are satisfied, the proposed settlement will resolve all claims in the Stock Option Class Actions against Broadcom and the individual defendants. In the event that we are unable to execute a final stipulation of settlement and obtain court approval, our ultimate liability could differ materially.

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In April 2008 we delivered a Notice of Arbitration and Arbitration Claim to our former independent registered public accounting firm, E&Y, and certain related parties. The arbitration relates to the issues that led to the restatement of Broadcom's financial statements for the periods from 1998 through March 31, 2006 as disclosed in an amended Annual Report on Form 10-K/A for the year ended December 31, 2005 and an amended Quarterly Report on Form 10-Q/A for the three months ended March 31, 2006, each filed with the SEC January 23, 2007. In May 2008 E&Y delivered a Notice of Defense and Counterclaim. No date for an arbitration hearing has been scheduled.

We have indemnification agreements with each of our present and former directors and officers, under which we are generally required to indemnify each such director or officer against expenses, including attorneys' fees, judgments, fines and settlements, arising from the Options Derivative Actions, the Stock Option Class Actions and the SEC and U.S. Attorney's Office investigations described below (subject to certain exceptions, including liabilities arising from willful misconduct, from conduct knowingly contrary to the best interests of Broadcom, or conduct that is knowingly fraudulent or deliberately dishonest or results in improper personal benefit). The potential amount of the future payments we could be required to make under these indemnification obligations could be significant and could have a material impact on our results of operations. Pursuant to the Insurance Agreement, and subject to the terms described more completely therein, including relinquishing of rights to any further recovery as to the matters described above under these directors' and officers' liability insurance policies by Broadcom and certain of its former and current officers and directors, Broadcom received payments totaling \$118.0 million from its insurance carriers. That amount includes \$43.3 million in reimbursements previously received from the insurance carriers under reservations of rights, and \$74.7 million paid to Broadcom upon final approval of the Partial Derivative Settlement. In addition, Broadcom paid \$11.5 million to the lead federal derivative plaintiffs' counsel for attorneys' fees, expenses and costs of plaintiffs' counsel in connection with the Partial Derivative Settlement and their prosecution of the derivative action.

In the event that the trial court's approval of the Partial Derivative Settlement is reversed or vacated by an appellate court or otherwise does not become final and non-appealable, Broadcom in its sole discretion has the election to either provide a release to the insurance carriers and indemnify them related to any future claims and retain the \$118.0 million in accordance with the Insurance Agreement or to repay to the insurance carriers certain portions of the aggregate amount previously paid to Broadcom.

SEC Formal Order of Investigation and United States Attorney's Office Investigation. In April 2008 the SEC brought a complaint against Broadcom alleging violations of the federal securities laws, and we entered into a settlement with the SEC. Without admitting or denying the SEC's allegations, we paid a civil penalty of \$12.0 million, which we recorded as a settlement cost in the three months ended March 31, 2008, and stipulated to an injunction against future violations of certain provisions of the federal securities laws. The settlement was approved by the United States District Court for the Central District of California in late April 2008, thus concluding the SEC's investigation of this matter with respect to Broadcom.

In May 2008 the SEC filed a complaint in the United States District Court for the Central District of California (Case No. SACV08-539 CJC (RNBx)) against Dr. Samueli and three other former executive officers of Broadcom, relating to its previously-disclosed investigation of the company's historical stock option granting practices. The SEC's civil complaint alleged that Dr. Samueli, along with the other defendants, violated the anti-fraud provisions of the federal securities laws, falsified books and records, and caused the company to report false financial results. The SEC's complaint seeks to: (i) enjoin the defendants from future violations of the securities laws; (ii) require two of the defendants to disgorge any ill-gotten gains and pay prejudgment interest; (iii) require all defendants to pay civil monetary penalties; (iv) require two defendants to disgorge bonuses and stock sales profits pursuant to Section 304 of the Sarbanes-Oxley Act of 2002; (v) bar all defendants from serving as officers or directors of a public company; and (vi) provide other appropriate relief. On December 15, 2009, in connection with the criminal matters discussed below, the District Court dismissed the SEC's complaint without prejudice as to all defendants. The SEC was given 30 days to refile or amend its complaint if it chose to do so. On February 4, 2010, the SEC filed a notice indicating that it would not proceed with the case. After the SEC complaint was dismissed, Dr. Samueli was re-elected Chief Technical Officer. He is not currently a director or an executive officer.

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In August 2006 we were informally contacted by the U.S. Attorney's Office for the Central District of California and asked to produce documents related to our historical option granting practices. We cooperated with the U.S. Attorney's Office and provided substantial amounts of documents and information to the U.S. Attorney's Office on a voluntary basis and pursuant to grand jury subpoenas. In June 2008 Dr. Nicholas and Mr. Ruehle were named in an indictment relating to alleged stock option backdating at the company. Also, in June 2008 Dr. Samueli pled guilty to making a materially false statement to the SEC in connection with its investigation of alleged stock options backdating at the company. In September 2008 the United States District Court for the Central District of California rejected Dr. Samueli's plea agreement. Dr. Samueli appealed the ruling to the United States Court of Appeals for the Ninth Circuit, but that court rejected his appeal. On December 7, 2009, the District Court granted Dr. Samueli use immunity so that he could testify in Mr. Ruehle's trial. On December 8, 2009, at the conclusion of Dr. Samueli's testimony, the District Court set aside Dr. Samueli's guilty plea and dismissed the information against him. Mr. Ruehle's trial began in October 2009 and concluded December 15, 2009. After both sides rested, the District Court dismissed the indictment against Mr. Ruehle on the grounds of prosecutorial misconduct and insufficient evidence of criminal intent. The District Court simultaneously dismissed the option charges against Dr. Nicholas, which were scheduled to be tried in February 2010. The U.S. Attorney's office has filed notices of appeal as to both Dr. Nicholas and Dr. Samueli, but has also represented to the District Court that no final decision has yet been reached as to whether those appeals will be pursued. Any further action by the U.S. Attorney's Office or another governmental agency could result in additional civil or criminal sanctions and/or fines against us and/or certain of our current or former officers, directors and/or employees.

United States Attorney's Office Investigation and Prosecution. In June 2005 the United States Attorney's Office for the Northern District of California commenced an investigation into the possible misuse of proprietary competitor information by certain Broadcom employees. In December 2005 one former employee was indicted for fraud and related activity in connection with computers and trade secret misappropriation. The former employee had been immediately suspended in June 2005, after just two months' employment, when we learned about the government investigation. Following an internal investigation, his employment was terminated, nearly two months prior to the indictment. The indictment does not allege any wrongdoing by us, and we are cooperating fully with the ongoing investigation and the prosecution.

General. We and our subsidiaries are also involved in other legal proceedings, claims and litigation arising in the ordinary course of business.

The pending proceedings involve complex questions of fact and law and will require the expenditure of significant funds and the diversion of other resources to prosecute and defend. The results of legal proceedings are inherently uncertain, and material adverse outcomes are possible. The resolution of intellectual property litigation may require us to pay damages for past infringement or to obtain a license under the other party's intellectual property rights that could require one-time license fees or ongoing royalties, which could adversely impact our product gross margins in future periods, or could prevent us from manufacturing or selling some of our products or limit or restrict the type of work that employees involved in such litigation may perform for us. From time to time we may enter into confidential discussions regarding the potential settlement of pending litigation or other proceedings; however, there can be no assurance that any such discussions will occur or will result in a settlement. The settlement of any pending litigation or other proceeding could require us to incur substantial settlement payments and costs. In addition, the settlement of any intellectual property proceeding may require us to grant a license to certain of our intellectual property rights to the other party under a cross-license agreement. If any of those events were to occur, our business, financial condition and results of operations could be materially and adversely affected.

9. Business Enterprise Segments

Broadcom has three reportable segments consistent with our target markets. Our three reportable segments are: Broadband Communications (Home), Mobile & Wireless (Hand) and Enterprise Networking (Infrastructure).

Our Chief Executive Officer, who is our chief operating decision maker, or CODM, reviews financial information at the operating segment level. Our Mobile & Wireless reportable segment comprises our Mobile Platforms and Wireless Connectivity businesses. Our Mobile Platforms and Wireless Connectivity businesses (originally operated as a single operating segment) are reported separately to the CODM to allow greater management focus on our Mobile Platform opportunity. However as the customers, economics, and

competitors

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substantially overlap, and the product functionality is being integrated across these products in our own and competitor roadmaps, we aggregate these two businesses into one reportable segment, Mobile & Wireless.

We also report an All Other category that primarily includes licensing revenue from our agreement with Verizon Wireless and income from the Qualcomm Agreement since they are principally the result of corporate efforts. All Other also includes operating expenses that we do not allocate to our other operating segments as these expenses are not included in the segment operating performance measures evaluated by our CODM. Operating costs and expenses that are not allocated include stock-based compensation, amortization of purchased intangible assets, impairment of goodwill and other long-lived assets, net settlement costs, net restructuring costs, charitable contributions, employer payroll tax on certain stock option exercises, and other miscellaneous expenses related to corporate allocations that were either over or under the original projections at the beginning of the year. We include stock-based compensation and acquisition-related items in the All Other category as decisions regarding equity compensation are made at the corporate level and our CODM believes that acquisition accounting distorts the underlying economics of the reportable segment. Our CODM does not review any information regarding total assets on an operating segment basis. The accounting policies for segment reporting are the same as for Broadcom as a whole.

The following table presents details of our reportable segments and the All Other category:

	Reportable Segments			All Other	Consolidated
	Broadband Communications	Mobile & Wireless	Enterprise Networking (In thousands)		
Three Months Ended					
March 31, 2010					
Net revenue	\$463,785	\$554,294	\$392,296	\$ 51,924	\$1,462,299
Operating income (loss)	84,203	60,937	150,168	(87,976)	207,332
Three Months Ended					
March 31, 2009					
Net revenue	\$317,254	\$298,862	\$218,351	\$ 18,969	\$ 853,436
Operating income (loss)	10,284	(40,477)	41,602	(114,442)	(103,033)
Included in the All Other category:					
				Three Months Ended	
				March 31,	
				2010 2009	
				(In thousands)	
Net revenue				\$ 51,924	\$ 18,969
Stock-based compensation				\$ 126,641	\$ 123,773
Amortization of purchased intangible assets				9,866	8,272
Settlement costs, net				2,816	1,150
Restructuring costs, net				430	7,111
Employer payroll tax on certain stock option exercises				1,568	733
Miscellaneous corporate allocation variances				(1,421)	(7,628)
Total other operating costs and expenses				\$ 139,900	\$ 133,411
Total operating income (loss) for the All Other category				\$ (87,976)	\$ (114,442)

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Sales to our significant customers, including sales to their manufacturing subcontractors, as a percentage of net revenue were as follows:

	Three Months Ended March 31,	
	2010	2009
Five largest customers as a group	35.2%	33.6%

In the three months ended March 31, 2010 we had one customer that represented 12.4% of our total net revenue.

Product revenue derived from all independent customers located outside the United States, excluding foreign subsidiaries or manufacturing subcontractors of customers that are headquartered in the United States even though such subsidiaries or manufacturing subcontractors are located outside of the United States, as a percentage of product revenue was as follows:

	Three Months Ended March 31,	
	2010	2009
Asia (primarily in Korea, China, Japan and Taiwan)	41.6%	36.6%
Europe (primarily in the United Kingdom, Finland and France)	14.1	13.3
Other	0.8	0.3
	56.5%	50.2%

Product revenue derived from shipments to international destinations, as a percentage of product revenue was as follows:

	Three Months Ended March 31,	
	2010	2009
Asia (primarily in China, Hong Kong, Singapore and Taiwan)	92.7%	87.4%
Europe (primarily in Sweden, France and Hungary)	2.4	4.0
Other	1.2	1.3
	96.3%	92.7%

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Cautionary Statement

You should read the following discussion and analysis in conjunction with our Unaudited Condensed Consolidated Financial Statements and the related Notes thereto contained in Part I, Item 1 of this Report. The information contained in this Quarterly Report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this Report and in our other reports filed with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for the year ended December 31, 2009 and subsequent reports on Forms 10-Q and 8-K, which discuss our business in greater detail.

The section entitled Risk Factors contained in Part II, Item 1A of this Report, and similar discussions in our other SEC filings, describe some of the important risk factors that may affect our business, financial condition, results of operations and/or liquidity. You should carefully consider those risks, in addition to the other information in this Report and in our other filings with the SEC, before deciding to purchase, hold or sell our common stock.

All statements included or incorporated by reference in this Quarterly Report on Form 10-Q, other than statements or characterizations of historical fact, are forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements concerning projected total net revenue, costs and expenses and product gross margin; our accounting estimates, assumptions and judgments; our success in pending litigation matters; estimates related to the amount and/or timing of the expensing of unearned stock-based compensation expense; the demand for our products; the effect that recent economic conditions, seasonality and volume fluctuations in the demand for our customers' consumer-oriented products will have on our quarterly operating results; our dependence on a few key customers and/or design wins for a substantial portion of our revenue; our ability to adjust operations in response to changes in demand for existing products and services or the demand for new products requested by our customers; the competitive nature of and anticipated growth in our markets; our ability to migrate to smaller process geometries; manufacturing, assembly and test capacity; our ability to consummate acquisitions and integrate their operations successfully; our potential needs for additional capital; inventory and accounts receivable levels; the impact of the Internal Revenue Service review of certain income and employment tax returns on our results of operations; the effect of potential changes in U.S. or foreign tax laws and regulations or the interpretation thereof; the level of accrued rebates; income we expect to record in connection with the Qualcomm Agreement; and the impact of litigation related to the January 2007 restatement of our financial statements for prior periods. These forward-looking statements are based on our current expectations, estimates and projections about our industry and business, management's beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as anticipates, expects, intends, plans, predicts, believes, seeks, estimates, may, will, should, would, could, potential, continue, ongoing, similar expressions, and variations or negatives of these words. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors, some of which are listed under the section entitled Risk Factors in Part II, Item 1A of this Report. These forward-looking statements speak only as of the date of this Report. We undertake no obligation to revise or update publicly any forward-looking statement, except as otherwise required by law.

Overview

Broadcom Corporation (including our subsidiaries, referred to collectively in this Report as Broadcom, we, our and us) is a major technology innovator and global leader in semiconductors for wired and wireless communications. Our system-on-a-chip (SoC) and software solutions enable the delivery of voice, video, data and rich multimedia content to mobile devices, consumer electronics (CE) devices in the home and business networking products for the workplace, data centers, service providers and carriers. We provide the industry's broadest portfolio of cutting-edge SoC solutions to manufacturers of computing and networking equipment, CE and broadband access products, and mobile devices.

We sell our products to leading wired and wireless communications manufacturers in each of our reportable segments: Broadband Communications (Home), Mobile & Wireless (Hand) and Enterprise

Networking (Infrastructure). Our Mobile & Wireless reportable segment comprises our Mobile Platforms and Wireless Connectivity businesses. Because we leverage our technologies across different markets, certain of our integrated

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circuits may be incorporated into products used in multiple markets. We utilize independent foundries and third-party subcontractors to manufacture, assemble and test all of our semiconductor products.

Our diverse product portfolio includes:

Solutions for the Home (Broadband Communications) enabling such products as digital cable, satellite and Internet Protocol (IP) set-top boxes and media servers; cable and digital subscriber line (DSL) modems and residential gateways; high definition televisions (HDTVs); high definition Blu-ray Disc® players; and digital video recorders (DVRs).

Solutions for the Hand (Mobile & Wireless) integrating solutions in applications for wireless and personal area networking; cellular communications; personal navigation and global positioning; processing multimedia content in smartphones; and for managing the power in mobile devices; and

Solutions for Network Infrastructure (Enterprise Networking) incorporating solutions for the business network requirements of enterprise, data center, small-to-medium-sized businesses (SMBs), and carriers and service providers, featuring high-speed controllers, switches and physical layer (PHY) devices supporting transmission and switching for local, metropolitan, wide area and storage networking and server solutions; processors for broadband network and security applications; and Voice over Internet Protocol (VoIP) solutions for gateway and telephony systems.

Our product revenue consists principally of sales of semiconductor devices and, to a lesser extent, software licenses and royalties, development, support and maintenance agreements, data services and cancellation fees. The majority of our product sales occur through the efforts of our direct sales force. The remaining balance of our product sales occurs through distributors. Our licensing revenue and income from the Qualcomm Agreement is generated from the licensing of our intellectual property, of which the vast majority to date has been derived from agreements with two customers, Verizon Wireless and Qualcomm Incorporated. The licensing revenue from our agreement with Verizon Wireless ended in March 2009 and the income from the Qualcomm Agreement is non-recurring and will terminate in 2013. There can be no assurances that we will be able to enter into similar arrangements in the future.

A detailed discussion of our business may be found in Part I, Item 1, Business, of our 2009 Annual Report on Form 10-K.

Operating Results for the Three Months Ended March 31, 2010

In the three months ended March 31, 2010 our net income was \$210.2 million as compared to a net loss of \$91.9 million in the three months ended March 31, 2009, a difference of \$302.1 million. This increase in profitability was the direct result of a broad-based increase in net revenue of 71.3% and a 480 basis point increase in our total gross margin. These increases were partially offset by an increase in our research and development and selling, general and administrative expenses of \$56.0 million, primarily related to increase in headcount of 8.1% from the March 31, 2009 level as well as an increase in development and design costs.

Other highlights include the following:

We generated cash flow from operations of \$267.8 million during the three months ended March 31, 2010. Our cash and cash equivalents and marketable securities were \$2.355 billion at March 31, 2010, compared with \$2.368 billion at December 31, 2009.

In January 2010 our Board of Directors adopted a dividend policy pursuant to which we intend to pay quarterly cash dividends on our common stock. We declared the first quarterly cash dividend of \$0.08 per share which was paid March 8, 2010 to holders of our Class A and Class B common stock of record at the close of business February 19, 2010 and totaled \$39.6 million.

In February 2010, as part of Broadcom's regular annual equity compensation review program, our Compensation Committee granted 10.1 million shares subject to equity awards, which included 2.2 million shares under employee stock options and 7.9 million restricted stock units. The amount of unearned stock-

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based compensation associated with these grants is \$247.6 million and is estimated to be expensed from 2010 through 2014.

In March 2010 we acquired Teknovus, Inc., a leading supplier of Ethernet Passive Optical Network chipsets and software, \$100.1 million, net of cash acquired. We also assumed \$14.6 million of debt which was subsequently repaid in the three months ended March 31, 2010.

We repurchased a total of 5.2 million shares of our Class A common stock at a weighted average price of \$29.75 per share in the three months ended March 31, 2010 and we announced that our Board of Directors had authorized an evergreen share repurchase program intended to offset the dilution associated with our stock incentive plans.

Business Enterprise Segments.

The following table presents details of our reportable segments and the All Other category:

	Reportable Segments			All Other	Consolidated
	Broadband Communications	Mobile & Wireless	Enterprise Networking		
(In thousands)					
Three Months Ended March 31, 2010					
Net revenue	\$463,785	\$554,294	\$392,296	\$ 51,924	\$1,462,299
Operating income (loss)	84,203	60,937	150,168	(87,976)	207,332
Three Months Ended March 31, 2009					
Net revenue	\$317,254	\$298,862	\$218,351	\$ 18,969	\$ 853,436
Operating income (loss)	10,284	(40,477)	41,602	(114,442)	(103,033)
Included in the All Other category:					
				Three Months Ended March 31, 2010 2009 (In thousands)	
Net revenue				\$ 51,924	\$ 18,969
Stock-based compensation				\$ 126,641	\$ 123,773
Amortization of purchased intangible assets				9,866	8,272
Settlement costs, net				2,816	1,150
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Miscellaneous corporate allocation variances				(1,421)	(7,628)
Total other operating costs and expenses				\$ 139,900	\$ 133,411
Total operating income (loss) for the All Other category				\$ (87,976)	\$ (114,442)

For additional information about our business enterprise segments, see further discussion in Note 9 of Notes to Unaudited Condensed Consolidated Financial Statements.

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Factors That May Impact Net Income (Loss)

Our net income (loss) has been affected in the past, and may continue to be affected in the future, by various factors, including, but not limited to, the following:

- required levels of research and development and other operating costs;
- stock-based compensation expense;
- licensing of intellectual property and income from the Qualcomm Agreement;
- deferral of revenue under multiple-element arrangements;
- amortization of purchased intangible assets;
- cash-based incentive compensation expense;
- litigation costs and insurance recoveries, including our directors and officers insurance settlement;
- settlement costs or gains, including our proposed class action settlement;
- income tax benefits from adjustments to tax reserves of foreign subsidiaries;
- the loss of interest income resulting from lower average interest rates and investment balance reductions resulting from expenditures on repurchases of our Class A common stock, dividends and acquisitions of businesses;
- impairment of goodwill and long-lived assets;
- charitable contributions;
- other-than-temporary impairment of marketable securities and strategic investments;
- restructuring costs or reversals thereof; and
- gain (loss) on strategic investments.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles, or GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses in the reporting period. We regularly evaluate our estimates and assumptions related to revenue recognition, rebates, allowances for doubtful accounts, sales returns and allowances, warranty reserves, inventory reserves, stock-based compensation expense, goodwill and purchased intangible asset valuations, strategic investments, deferred income tax asset valuation allowances, uncertain tax positions, tax contingencies, self-insurance, restructuring costs, litigation and other loss contingencies. 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 recording of revenue, 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. To the extent there are material differences between our estimates and the actual results, our future results of operations will be affected.

We believe the following are either (i) critical accounting policies that require us to make significant estimates or assumptions in the preparation of our unaudited condensed consolidated financial statements or (ii) other key

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accounting policies that generally do not require us to make estimates or assumptions but may require us to make difficult or subjective judgments:

Net Revenue. We recognize product revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) our price to the customer is fixed or determinable and (iv) collection of the resulting accounts receivable is reasonably assured. These criteria are usually met at the time of product shipment. However, we do not recognize revenue when any significant obligations remain. Customer purchase orders and/or contracts are generally used to determine the existence of an arrangement. Shipping documents are used to verify product delivery. We assess whether a price is fixed or determinable based upon the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment. We assess the collectibility of our accounts receivable based primarily upon the creditworthiness of the customer as determined by credit checks and analysis, as well as the customer's payment history.

A portion of our sales is made through distributors under agreements allowing for pricing credits and/or rights of return. These pricing credits and/or rights of return provisions prevent us from being able to reasonably estimate the final price of the inventory to be sold and the amount of inventory that could be returned pursuant to these agreements. As a result, the price to the customer is not fixed or determinable at the time we deliver products to our distributors. Accordingly, product revenue from sales made through these distributors is not recognized until the distributors ship the product to their customers. We also maintain inventory, or hubbing, arrangements with certain of our customers. Pursuant to these arrangements, we deliver products to a customer or a designated third party warehouse based upon the customer's projected needs, but do not recognize product revenue unless and until the customer or third-party warehouse reports it has removed our product from the warehouse to be incorporated into its end products. Historically, we have had good visibility into customer requirements and shipments within a quarter. However, if a customer does not take our products under a hubbing arrangement in accordance with the schedule it originally provided to us, our future revenue stream could vary substantially from our forecasts and our results of operations could be materially and adversely affected. In addition, distributors and customers with hubbing arrangements provide us with periodic data regarding product, price, quantity, and customers when products are shipped to their customers, as well as the quantities of our products that they still have in stock. For specialized shipping terms we may rely on data provided by our freight forwarding providers. For our licensing revenue we rely on data provided by the licensee. Any error in the data provided to us by customers, distributors or other third parties could lead to inaccurate reporting of our total net revenue and net income.

In September 2009 the Financial Accounting Standards Board, or FASB, reached a consensus on Accounting Standards Update, or ASU, 2009-13, *Revenue Recognition (Topic 605) Multiple-Deliverable Revenue Arrangements*, or ASU 2009-13 and ASU 2009-14, *Software (Topic 985) Certain Revenue Arrangements That Include Software Elements*, or ASU 2009-14. ASU 2009-13 modifies the requirements that must be met for an entity to recognize revenue from the sale of a delivered item that is part of a multiple-element arrangement when other items have not yet been delivered. ASU 2009-13 eliminates the requirement that all undelivered elements must have either: i) vendor specific objective evidence, or VSOE, or ii) third-party evidence, or TPE, before an entity can recognize the portion of overall arrangement consideration that is attributable to items that have already been delivered. In the absence of VSOE or TPE of the standalone selling price for one or more delivered or undelivered elements in a multiple-element arrangement, entities are required to estimate the selling prices of those elements. Overall arrangement consideration is allocated to each element (both delivered and undelivered items) based on their relative selling prices, regardless of whether those selling prices are evidenced by VSOE or TPE or are based on the entity's estimated selling price. The residual method of allocating arrangement consideration has been eliminated. ASU 2009-14 modifies the software revenue recognition guidance to exclude from its scope tangible products that contain both software and non-software components that function together to deliver a product's essential functionality. We adopted the provisions of these ASUs effective January 1, 2010, which did

not have a material impact on our results of operations.

We defer revenue and income when advance payments are received from customers before performance obligations have been completed and/or services have been performed. Deferred revenue and income do not include amounts from products delivered to distributors that the distributors have not yet sold through to their end customers.

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Income from the Qualcomm Agreement. The Qualcomm Agreement is a multiple element arrangement. We allocated the \$891.2 million payment due us under the Qualcomm Agreement amongst several elements. A gain from the settlement of litigation was immediately recognized and approximated the value of awards determined by the United States District Court for the Central District of California. The remaining consideration was predominantly associated with the transfer of current and future intellectual property rights, as well as the settlement of all other outstanding litigation, and is being recognized over the four year performance period as a single unit of accounting.

We determined that the value associated with the transfer of intellectual property rights and other elements will be treated as a single unit of accounting and, based on the predominant nature of these elements, recognized them within net revenue over the contractual performance period of four years, beginning in 2009 and extending through 2013. The elements included: (i) an exchange of intellectual property rights, including in certain circumstances, a series of covenants not to assert claims of patent infringement under future patents issued within one to four years of the execution date of the agreement, (ii) the assignment of certain existing patents by Broadcom to Qualcomm with Broadcom retaining a royalty-free license under these patents, and (iii) the settlement of all outstanding litigation and claims between us and Qualcomm.

We consider the Qualcomm Agreement as predominantly related to the transfer of current and future intellectual property rights. This conclusion was based on (i) the amounts specifically awarded by the courts for the patents that were the subject of litigation for which appeals had been substantially exhausted and (ii) the extensive nature of the rights transferred to Qualcomm, both for our existing patent portfolio and for the patents we would develop during the next one to four years. In addition, we obtained a third party valuation of the intellectual property rights. The inputs and assumptions we used in this valuation were from a market participant perspective and included projected revenue, royalty rates, estimated discount rates, useful lives and income tax rates, among others. The development of a number of these inputs and assumptions in our model requires significant amount of management judgment and is based upon a number of factors including the selection of industry comparables, market growth rates and other relevant factors. Changes in any number of these assumptions would have substantially changed the fair value assigned to the intellectual property rights. These inputs and assumptions represent management's best estimates at the time of the transaction.

Sales Returns, Pricing Adjustments and Allowance for Doubtful Accounts. We record reductions of revenue for estimated product returns and pricing adjustments, such as competitive pricing programs and rebates, in the same period that the related revenue is recorded. The amount of these reductions is based on historical sales returns, analysis of credit memo data, specific criteria included in rebate agreements, and other factors known at the time. At the time of sale, we accrue 100% of potential rebates and do not apply a breakage factor. We reverse the accrual of unclaimed rebate amounts as specific rebate programs contractually end or when we believe unclaimed rebates are no longer subject to payment and will not be paid. Thus the reversal of unclaimed rebates may have a positive impact on our net revenue and net income in subsequent periods. Additional reductions of revenue would result if actual product returns or pricing adjustments exceed our estimates. We also maintain an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. If the financial condition of any customer were to deteriorate, resulting in an impairment of its ability to make payments, additional allowances could be required.

Inventory Write-Downs and Warranty Reserves. We write down the carrying value of our inventory to net realizable value for estimated obsolescence or unmarketable inventory in an amount equal to the difference between the cost of inventory and its estimated realizable value based upon assumptions about future demand and market conditions. If actual demand and market conditions are less favorable than those projected by management, additional inventory write-downs could be required. Under the hubbing arrangements that we maintain with certain customers, we own inventory that is physically located in a customer's or third party's warehouse. As a result, our ability to effectively manage

inventory levels may be impaired, which would cause our total inventory turns to decrease. In that event, our expenses associated with excess and obsolete inventory could increase and our cash flow could be negatively impacted. Our products typically carry a one to three year warranty. We establish reserves for estimated product warranty costs at the time revenue is

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

Stock-Based Compensation Expense. All share-based payments, including grants of stock options, restricted stock units and employee stock purchase rights, are required to be recognized in our financial statements based upon their respective grant date fair values. The fair value of each employee stock option and employee stock purchase right is estimated on the date of grant using an option pricing model that meets certain requirements. We currently use the Black-Scholes option pricing model to estimate the fair value of our stock options and stock purchase rights. Although we utilize the Black-Scholes model, the fair values generated by the model may not be indicative of the actual fair values of our equity awards as it does not consider certain factors important to those awards to employees, such as continued employment and periodic vesting requirements as well as limited transferability. The determination of the fair value of share-based payment awards utilizing the Black-Scholes model is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. We use the implied volatility for traded options on our stock as the expected volatility assumption required in the Black-Scholes model. Our selection of the implied volatility approach is based on the availability of data regarding actively traded options on our stock as we believe that implied volatility is more representative of fair value than historical volatility. The expected life of the stock options is based on historical and other economic data trended into the future. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected terms of our stock options and stock purchase rights. Historically, our dividend yield assumption excluded dividend payments. In 2010 we began a quarterly dividend program and have included that assumption in our fair value calculations as outstanding equity awards do not participate in the dividend program. The fair value of our restricted stock units is based on the closing market price of our Class A common stock on the date of grant less our expected dividend yield. We evaluate the assumptions used to value stock awards on a quarterly basis. If factors change and we employ different assumptions, stock-based compensation expense may differ significantly from what we have recorded in the past. If there are any modifications or cancellations of the underlying unvested securities, we may be required to accelerate, increase or cancel any remaining unearned stock-based compensation expense. To the extent that we grant additional equity securities to employees or we assume unvested securities in connection with any acquisitions, our stock-based compensation expense will be increased by the additional unearned compensation resulting from those additional grants or acquisitions.

Goodwill and Purchased Intangible Assets. Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the acquired net tangible and intangible assets. Effective January 1, 2009 in-process research and development, or IPR&D, and defensive assets acquired are capitalized. Prior to 2009 in-process research and development was expensed immediately. The amounts and useful lives assigned to intangible assets acquired, other than goodwill, impact the amount and timing of future amortization thereof. The value of our intangible assets, including goodwill, could be impacted by future adverse changes such as: (i) any future declines in our operating results, (ii) a decline in the valuation of technology company stocks, including the valuation of our common stock, (iii) a further significant slowdown in the worldwide economy or the semiconductor industry, (iv) any failure to meet the performance projections included in our forecasts of future operating results or (v) the abandonment of any of our acquired in-process research and development projects. We evaluate these assets, including purchased intangible assets deemed to have indefinite lives, on an annual basis in the fourth quarter or more frequently if we believe indicators of impairment exist. In the process of our annual impairment review, we primarily use the income approach methodology of valuation that includes the discounted cash flow method as well as other

generally accepted valuation methodologies to determine the fair value of our intangible assets. Significant management judgment is required in the forecasts of future operating results that are used in the discounted cash flow method of valuation. It is possible, however, that the plans may change and estimates used may prove to be inaccurate. If our actual results, or the plans and estimates used in future impairment analyses, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges.

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Deferred Taxes and Uncertain Tax Positions. We utilize the asset and liability method of accounting for income taxes. We record a valuation allowance to reduce our deferred tax assets to the amount that we believe is more likely than not to be realized. In assessing the need for a valuation allowance, we consider all positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and recent financial performance. Forming a conclusion that a valuation allowance is not required is difficult when there is negative evidence such as cumulative losses in recent years. As a result of our cumulative losses in the U.S. and certain foreign jurisdictions, our U.S. tax losses after tax deductions for stock-based compensation, and the full utilization of our loss carryback opportunities, we have concluded that a full valuation allowance against our net deferred tax assets is appropriate in the U.S. and certain foreign jurisdictions. In certain other foreign jurisdictions where we do not have cumulative losses, we record valuation allowances to reduce our net deferred tax assets to the amount we believe is more likely than not to be realized. In the future, if we realize a deferred tax asset that currently carries a valuation allowance, we may record a reduction of income tax expense in the period of such realization. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. Income tax positions that previously failed to meet the more-likely-than-not threshold are recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not threshold are derecognized in the first subsequent financial reporting period in which that threshold is no longer met. As a multinational corporation, we are subject to taxation in many jurisdictions, and the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. If we ultimately determine that the payment of these liabilities will be unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine the liability no longer applies. Conversely, we record additional tax charges in a period in which we determine that a recorded tax liability is less than we expect the ultimate assessment to be. The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability for U.S. or foreign taxes may be materially different from our estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities.

Litigation and Settlement Costs. We are involved in disputes, litigation and other legal proceedings. We prosecute and defend these matters aggressively. However, there are many uncertainties associated with any litigation, and we cannot assure you that these actions or other third party claims against us will be resolved without costly litigation and/or substantial settlement charges. In addition, the resolution of intellectual property litigation may require us to pay damages for past infringement or to obtain a license under the other party's intellectual property rights that could require one-time license fees or running royalties, which could adversely impact product gross margins in future periods, or could prevent us from manufacturing or selling some of our products or limit or restrict the type of work that employees involved in such litigation may perform for Broadcom. If any of those events were to occur, our business, financial condition and results of operations could be materially and adversely affected. We record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements and (ii) the amount or range of loss can be reasonably estimated. This generally occurs when an agreement in principle has been reached by both parties that includes substantive terms, conditions and amounts. However, the actual liability in any such disputes or litigation may be materially different from our estimates, which could result in the need to record additional costs.

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The following table sets forth certain Unaudited Condensed Consolidated Statements of Operations data expressed as a percentage of net revenue for the periods indicated:

	Three Months Ended March 31,	
	2010	2009
Net revenue:		
Product revenue	96.1%	97.0%
Income from Qualcomm Agreement	3.5	
Licensing revenue	0.4	3.0
Total net revenue	100.0	100.0
Costs and expenses:		
Cost of product revenue	47.5	52.3
Research and development	28.8	43.7
Selling, general and administrative	9.1	14.7
Amortization of purchased intangible assets	0.2	0.5
Restructuring costs, net		0.8
Settlement costs, net	0.2	0.1
Total operating costs and expenses	85.8	112.1
Income (loss) from operations	14.2	(12.1)
Interest income, net	0.1	0.5
Other income, net	0.2	0.2
Income (loss) before income taxes	14.5	(11.4)
Provision (benefit) for income taxes	0.1	(0.6)
Net income (loss)	14.4%	(10.8)%

The following table presents details of product and total gross margin as a percentage of product and total revenue, respectively:

	Three Months Ended March 31,	
	2010	2009
Product gross margin	50.5%	46.1%
Total gross margin	52.5	47.7

The following table presents details of total stock-based compensation expense as a percentage of net revenue *included* in each functional line item in the unaudited condensed consolidated statements of operations data above:

	Three Months Ended March 31,	
	2010	2009
Cost of product revenue	0.4%	0.7%
Research and development	6.1	10.5
Selling, general and administrative	2.1	3.4

Net Revenue, Cost of Product Revenue, Product Gross Margin, and Total Gross Margin

The following tables present net revenue, cost of product revenue, product gross margin and total gross margin:

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	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009		Increase (Decrease)	% Change in Amount
	Amount	% of Net Revenue	Amount	% of Net Revenue		
	(In thousands, except percentages)					
Product revenue	\$ 1,404,344	96.1%	\$ 828,230	97.0%	\$ 576,114	69.6%
Income from Qualcomm Agreement	51,674	3.5			51,674	
Licensing revenue	6,281	0.4	25,206	3.0	(18,925)	(75.1)
Total net revenue	\$ 1,462,299	100.0%	\$ 853,436	100.0%	\$ 608,863	71.3
Cost of product revenue ⁽¹⁾	\$ 695,322	47.5%	\$ 446,277	52.3%	\$ 249,045	55.8
Product gross margin ⁽²⁾	50.5%		46.1%		4.4%	
Total gross margin ⁽²⁾	52.5%		47.7%		4.8%	

	Three Months Ended March 31, 2010		Three Months Ended December 31, 2009		Increase (Decrease)	% Change in Amount
	Amount	% of Net Revenue	Amount	% of Net Revenue		
	(In thousands, except percentages)					
Product revenue	\$ 1,404,344	96.1%	\$ 1,283,434	95.6%	\$ 120,910	9.4%
Income from Qualcomm Agreement	51,674	3.5	51,674	3.8		
Licensing revenue	6,281	0.4	7,638	0.6	(1,357)	(17.8)
Total net revenue	\$ 1,462,299	100.0%	\$ 1,342,746	100.0%	\$ 119,553	8.9
Cost of product revenue ⁽¹⁾	\$ 695,322	47.5%	\$ 630,259	46.9%	\$ 65,063	10.3
Product gross margin ⁽²⁾	50.5%		50.9%		(0.4)%	
Total gross margin ⁽²⁾	52.5%		53.1%		(0.6)%	

(1) Includes stock-based compensation expense

resulting from stock options, stock purchase rights and restricted stock units we issued or assumed in acquisitions.

For a further discussion of stock-based compensation expense, see the section entitled

Stock-Based Compensation Expense below.

- (2) Due to the separate presentation of product revenue, income from the Qualcomm Agreement and licensing revenue implemented in 2009, the tables include product gross margin in addition to our previously reported total gross margin.

Net Revenue. Our product revenue is generated principally by sales of our semiconductor devices. Our Broadband Communications products include solutions for cable modems, DSL applications, digital cable, direct broadcast satellite and IP set-top boxes, digital TVs and high definition DVD and personal video recording devices. Our Mobile & Wireless products include wireless LAN, cellular, touch controller, GPS, Bluetooth, mobile multimedia and applications processors, mobile power management and VoIP solutions. Our Enterprise Networking products include Ethernet transceivers, controllers, switches, broadband network and security processors and server chipsets. Our licensing revenue and income from the Qualcomm Agreement is generated from the licensing of intellectual property.

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The following table presents net revenue from each of our reportable segments and its respective contribution to net revenue:

	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009		Increase	% Change in Amount
	Amount	% of Net Revenue	Amount	% of Net Revenue		
	(In thousands, except percentages)					
Broadband						
Communications	\$ 463,785	31.7%	\$ 317,254	37.2%	\$ 146,531	46.2%
Mobile & Wireless	554,294	37.9	298,862	35.0	255,432	85.5
Enterprise Networking	392,296	26.8	218,351	25.6	173,945	79.7
All other ⁽¹⁾	51,924	3.6	18,969	2.2	32,955	173.7
Total net revenue	\$ 1,462,299	100.0%	\$ 853,436	100.0%	\$ 608,863	71.3

(1) Includes
 (i) income relating to the Qualcomm Agreement that was entered into in April 2009,
 (ii) royalties received pursuant to a patent license agreement that was entered into with Verizon Wireless in July 2007 and
 (iii) other miscellaneous revenue from certain patent agreements, each previously reported in our Mobile & Wireless reportable segment. See Notes 1 and 2 of Notes to Unaudited Condensed

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The increase in net revenue from our Broadband Communications reportable segment resulted primarily from an increase in demand for digital set-top boxes, broadband modems, and high definition DVD solutions. The increase in net revenue from our Mobile & Wireless reportable segment resulted primarily from the ramp of our cellular products and wireless combo solutions. The increase in net revenue from our Enterprise Networking reportable segment resulted primarily from a broad-based increase in demand for our controller and Ethernet switch products. The increase in the All Other category was primarily the result of the \$51.7 million of income from the Qualcomm Agreement recorded in the three months ended March 31, 2010 which income did not exist in the three months ended March 31, 2009, offset in part by \$19.0 million of 2009 licensing revenue from our agreement with Verizon Wireless.

We recorded rebates to certain customers of \$103.9 million, or 7.1% of net revenue and \$50.5 million, or 5.9% of net revenue, in the three months ended March 31, 2010 and 2009, respectively. The increase in rebates in 2010 was attributable to the 71.3% increase in net revenue along with a change to the mix in sales to customers that participate in our rebate programs, primarily an increase in the Mobile & Wireless area. We reversed accrued rebates of \$1.8 million and \$2.8 million in the three months ended March 31, 2010 and 2009, respectively.

The following table presents net revenue from each of the reportable segments and its respective contribution to net revenue in the three months ended March 31, 2010 as compared to the three months ended December 31, 2009:

	Three Months Ended March 31, 2010		Three Months Ended December 31, 2009		Increase	% Change in Amount
	Amount	% of Net Revenue	Amount	% of Net Revenue		
(In thousands, except percentages)						
Broadband Communications	\$ 463,785	31.7%	\$ 449,233	33.5%	\$ 14,552	3.2%
Mobile & Wireless	554,294	37.9	502,037	37.4	52,257	10.4
Enterprise Networking	392,296	26.8	339,802	25.3	52,494	15.4
All other ⁽¹⁾	51,924	3.6	51,674	3.8	250	0.5
Total net revenue	\$ 1,462,299	100.0%	\$ 1,342,746	100.0%	\$ 119,553	8.9

- (1) Includes
(i) income relating to the Qualcomm Agreement that was entered into in April 2009 and
(ii) other miscellaneous revenue from certain patent agreements. See Notes 1 and 2 of Notes to Unaudited Condensed

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The increase in net revenue from our Broadband Communications reportable segment resulted primarily from an increase in demand for digital set-top boxes. The increase in net revenue from our Mobile & Wireless reportable segment resulted primarily from the continued ramp of our cellular products and wireless combo solutions. The increase in net revenue from our Enterprise Networking reportable segment resulted primarily from a broad-based increase in demand for our controller and Ethernet switch products.

We recorded rebates to certain customers of \$103.9 million, or 7.1% of net revenue and \$94.1 million, or 7.0% of net revenue, in three months ended March 31, 2010 and December 31, 2009, respectively. We anticipate that accrued rebates will vary in future periods based upon the level of overall sales to customers that participate in our rebate programs. We reversed accrued rebates of \$1.8 million and \$1.3 million in three months ended March 31, 2010 and December 31, 2009, respectively.

From time to time, our key customers place large orders causing our quarterly net revenue to fluctuate significantly. We expect that these fluctuations will continue and that they may be exaggerated by the seasonal variations in consumer products and changes in the overall economic environment. Additionally, since we own inventory that is physically located in a third party's warehouse, our ability to effectively manage inventory levels may be impaired, causing our total inventory turns to decrease, which could increase expenses associated with excess and obsolete products and negatively impact our cash flow.

For these and other reasons, our total net revenue and results of operations for the three months ended March 31, 2010 and prior periods may not necessarily be indicative of future net revenue and results of operations.

Concentration of Net Revenue

Income from the Qualcomm Agreement is expected to be recognized in the remainder of 2010 through 2013 as follows:

	2010	2011	2012	2013	Thereafter	Total
	(In thousands)					
Income from Qualcomm Agreement	\$155,021	\$206,695	\$186,012	\$86,400	\$	\$634,128

The following table presents details of our product net revenue:

	Three Months Ended March 31,	
	2010	2009
Product sales made through direct sales force ⁽¹⁾	80.5%	82.4%
Product sales made through distributors	19.5	17.6
	100.0%	100.0%

(1) Includes 5.5% and 7.8% of product sales maintained under hubbing arrangements with certain of our customers in the three months ended March 31, 2010 and 2009, respectively.

Product sales made through distributors increased as a percentage of product revenue in the three months ended March 31, 2010. The increase is due to the ramping of mobile and wireless products sold by stocking distributors serving as an interface for certain of our customers as well as incremental demand for our enterprise networking products in Asia.

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Sales to our significant customers, including sales to their manufacturing subcontractors, as a percentage of net revenue were as follows:

	Three Months Ended March 31,	
	2010	2009
Five largest customers as a group	35.2%	33.6%

In the three months ended March 31, 2010 we had one customer that represented 12.4% of our total net revenue. We expect that our largest customers will continue to account for a substantial portion of our total net revenue for the remainder of 2010 and for the foreseeable future. The identities of our largest customers and their respective contributions to our total net revenue have varied and will likely continue to vary from period to period.

Product revenue derived from all independent customers located outside the United States, excluding foreign subsidiaries or manufacturing subcontractors of customers that are headquartered in the United States even though such subsidiaries or manufacturing subcontractors are located outside of the United States, as a percentage of product revenue was as follows:

	Three Months Ended March 31,	
	2010	2009
Asia (primarily in Korea, China, Japan and Taiwan)	41.6%	36.6%
Europe (primarily in the United Kingdom, Finland and France)	14.1	13.3
Other	0.8	0.3
	56.5%	50.2%

Product revenue derived from shipments to international destinations, as a percentage of product revenue was as follows:

	Three Months Ended March 31,	
	2010	2009
Asia (primarily in China, Hong Kong, Singapore and Taiwan)	92.7%	87.4%
Europe (primarily in Sweden, France and Hungary)	2.4	4.0
Other	1.2	1.3
	96.3%	92.7%

All of our revenue to date has been denominated in U.S. dollars.

Factors That May Impact Net Revenue

The demand for our products and the subsequent recognition of net revenue has been affected in the past, and may continue to be affected in the future, by various factors, including, but not limited to, the following: general economic and political conditions and specific conditions in the markets we address, including the continuing volatility in the technology sector and semiconductor industry, the recent global economic recession, trends in the broadband communications markets in various geographic regions, including seasonality in sales of consumer products into which our products are incorporated;

the unavailability of credit and financing, which may lead certain of our customers to reduce their level of purchases or to seek credit or other accommodations from us;

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the timing, rescheduling or cancellation of significant customer orders and our ability, as well as the ability of our customers and distributors, to manage inventory;

the timing of our distributors' shipments to their customers or when products are taken by our customers under hubbing arrangements;

our ability to specify, develop or acquire, complete, introduce, market and transition to volume production new products and technologies in a cost effective and timely manner;

the rate at which our present and future customers and end-users adopt our products and technologies; and

the qualification, availability and pricing of competing products and technologies and the resulting effects on sales and pricing of our products.

Cost of Product Revenue, Product Gross Margin and Total Gross Margin. Cost of product revenue comprises the cost of our semiconductor devices, which consists of the cost of purchasing finished silicon wafers manufactured by independent foundries, costs associated with our purchase of assembly, test and quality assurance services and packaging materials for semiconductor products, as well as royalties paid to vendors for use of their technology. Also included in cost of product revenue is the amortization of purchased technology, and manufacturing overhead, including costs of personnel and equipment associated with manufacturing support, product warranty costs, provisions for excess and obsolete inventories, and stock-based compensation expense for personnel engaged in manufacturing support. Product gross margin is product revenue less cost of product revenue divided by product revenue and does not include income from the Qualcomm Agreement and licensing revenue of intellectual property. Total gross margin is total net revenue less cost of product revenue divided by total net revenue.

Product gross margin increased from 46.1% in the three months ended March 31, 2009 to 50.5% in the three months ended March 31, 2010 primarily as a result of cost reductions in each of our reportable segments as a result of our continued transition to 65 nanometer process technology. Other factors that contributed to the increase in product gross margin were: (i) fixed costs being spread over a higher revenue base and (ii) a net decrease in excess and obsolete inventory provisions of \$12.7 million.

Product gross margin decreased from 50.9% in the three months ended December 31, 2009 to 50.5% in the three months ended March 31, 2010. The primary factors that contributed to the decrease in product gross margin related to a net increase in the amortization of purchased intangible assets and the acquired inventory valuation step-up related to our acquisitions of Dune Networks and Teknovus, Inc.

Factors That May Impact Product Gross Margin

Our product gross margin has been affected in the past, and may continue to be affected in the future, by various factors, including, but not limited to, the following:

our product mix and volume of product sales (including sales to high volume customers);

the positions of our products in their respective life cycles;

introduction of products with lower margins;

the effects of competition;

the effects of competitive pricing programs and rebates;

provisions for excess and obsolete inventories and their relationship to demand volatility;

manufacturing cost efficiencies and inefficiencies;

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fluctuations in direct product costs such as silicon wafer costs and assembly, packaging and testing costs, and other fixed costs;

our ability to create cost advantages through successful integration and convergence;

our ability to advance to the next technology node faster than our competitors;

licensing royalties payable by us;

product warranty costs;

fair value of acquired tangible and intangible assets; and

reversals of unclaimed rebates and warranty reserves.

Typically our newly introduced products have lower gross margins until we commence volume production and launch lower cost revisions of such products enabling us to benefit from economies of scale and more efficient designs. Our product and total gross margin may also be impacted by additional stock-based compensation expense and changes therein, as discussed below, and the amortization of purchased intangible assets related to future acquisitions.

Research and Development Expense

Research and development expense consists primarily of salaries and related costs of employees engaged in research, design and development activities, including stock-based compensation expense. Development and design costs consist primarily of costs related to engineering design tools, mask and prototyping costs, testing and subcontracting costs. In addition, we incur other costs related to facilities and equipment expense, among other items.

The following table presents details of research and development expense:

	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009		% Change	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Increase (Decrease)	in Amount
(In thousands, except percentages)						
Salaries and benefits	\$ 218,914	15.0%	\$ 189,667	22.2%	\$ 29,247	15.4%
Stock-based compensation	89,043	6.1	89,262	10.5	(219)	(0.2)
Development and design costs	63,513	4.3	45,617	5.3	17,896	39.2
Other	49,374	3.4	48,178	5.7	1,196	2.5
Research and development	\$ 420,844	28.8%	\$ 372,724	43.7%	\$ 48,120	12.9%

The increase in salaries and benefits was primarily attributable to a net increase in headcount of 450 personnel (predominantly as a result of our acquisitions of Dune Networks, Teknovus and the hiring of additional engineers in our Mobile & Wireless reportable segment), as well as higher incentive compensation. Development and design costs increased due to increases in mask, prototyping and engineering design tool costs stemming from our continued transition of products to 65 and 40 nanometer process technologies. Development and design costs vary from period to period depending on the timing of development and tape-out of various products.

We expect research and development costs to increase over the short term and continue to increase over the long term as a result of growth in, and the diversification of, the markets we serve, new product opportunities, the number of design wins that go into production, changes in our compensation policies, and any expansion

into new markets and technologies.

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We remain committed to significant research and development efforts to extend our technology leadership in the wired and wireless communications markets in which we operate. The majority of our new products are now designed in 65 nanometer and 40 nanometer CMOS processes, and we are preparing for the 28 nanometer process. We currently hold more than 4,050 U.S. and more than 1,650 foreign patents and more than 7,900 additional U.S. and foreign pending patent applications. We maintain an active program of filing for and acquiring additional U.S. and foreign patents in wired and wireless communications and other fields.

Selling, General and Administrative Expense
Selling, general and administrative expense consists primarily of personnel-related expenses, including stock-based compensation expense, legal and other professional fees, facilities expenses and communications expenses.

The following table presents details of selling, general and administrative expense:

	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009		Increase (Decrease)	% Change in Amount
	Amount	% of Net Revenue	Amount	% of Net Revenue		
(In thousands, except percentages)						
Salaries and benefits	\$ 55,743	3.8%	\$ 45,994	5.4%	\$ 9,749	21.2%
Stock-based compensation	31,083	2.1	28,634	3.4	2,449	8.6
Legal and accounting fees	26,939	1.8	34,354	4.0	(7,415)	(21.6)
Other	19,143	1.4	16,066	1.9	3,077	19.2
Selling, general and administrative	\$ 132,908	9.1%	\$ 125,048	14.7%	\$ 7,860	6.3%

The increase in salaries and benefits was primarily attributable to a net increase in headcount of 100 personnel, as well as higher incentive compensation. The decrease in legal and accounting fees related to a decrease in legal fees associated with litigation related to our stock options matter. Legal fees consist primarily of attorneys' fees and expenses related to our outstanding intellectual property and prior years stock option backdating securities litigation, patent prosecution and filings, and various transactions. Legal fees fluctuate from period to period due to the nature, scope, timing and costs of the matters in litigation from time to time, including intellectual property and securities litigation, and transactions under consideration. The increase in the *Other* line item included in the above table is primarily attributable to an increase in seasonal spending on key trade shows.

Stock-Based Compensation Expense

The following table presents details of total stock-based compensation expense that is *included* in each functional line item in our unaudited condensed consolidated statements of operations:

	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009		Increase (Decrease)	% Change in Amount
	Amount	% of Net Revenue	Amount	% of Net Revenue		
(In thousands, except percentages)						
Cost of product revenue	\$ 6,515	0.4%	\$ 5,877	0.7%	\$ 638	10.9%
Research and development	89,043	6.1	89,262	10.5	(219)	(0.2)
	31,083	2.1	28,634	3.4	2,449	8.6

Selling, general and
administrative

\$ 126,641	8.6%	\$ 123,773	14.6%	\$ 2,868	2.3%
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We recognize stock-based compensation expense related to share-based awards, resulting from stock options, stock purchase rights and restricted stock units we issued or assumed in acquisitions over their respective service periods. Unearned stock-based compensation is principally amortized ratably over the service periods of the

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underlying stock options and restricted stock units, generally 48 months and 16 quarters, respectively. If there are any modifications or cancellations of the underlying unvested awards, we may be required to accelerate, increase or cancel any remaining unearned stock-based compensation expense. Future stock-based compensation expense and unearned stock-based compensation will increase to the extent that we grant additional equity awards to employees or assume unvested equity awards in connection with acquisitions.

It is our long-term objective that total stock-based compensation approximate 5% of total net revenue. We continue to increase the use of restricted stock units versus stock options.

The following table presents details of unearned stock-based compensation currently estimated to be expensed in the remainder of 2010 through 2014 related to unvested share-based payment awards at March 31, 2010:

	2010	2011	2012	2013	2014	Total
	(In thousands)					
Unearned stock-based compensation	\$336,191	\$338,558	\$208,229	\$102,000	\$6,779	\$991,757

See Note 7 of Notes to Unaudited Condensed Consolidated Financial Statements for a discussion of activity related to share-based awards.

Amortization of Purchased Intangible Assets

The following table presents details of the amortization of purchased intangible assets *included* in the cost of product revenue and other operating expense categories:

	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009		Increase (Decrease)	% Change in Amount
	Amount	% of Net Revenue	Amount	% of Net Revenue		
	(In thousands, except percentages)					
Cost of product revenue	\$ 7,219	0.5%	\$ 4,113	0.5%	\$ 3,106	75.5%
Other operating expenses	2,647	0.2	4,159	0.5	(1,512)	(36.4)
	\$9,866	0.7%	\$ 8,272	1.0%	\$ 1,594	19.3%

The following table presents details of the amortization of existing purchased intangible assets, including IPR&D, that is currently estimated to be expensed in the remainder of 2010 and thereafter. If we acquire additional purchased intangible assets in the future, our cost of product revenue or operating expenses will be increased by the amortization of those assets.

	Purchased Intangible Asset Amortization by Year					Total
	2010	2011	2012	2013	Thereafter	
	(In thousands)					
Cost of product revenue	\$ 23,377	\$ 37,921	\$ 40,413	\$ 31,949	\$ 40,579	\$ 174,239
Other operating expenses	14,695	6,381	3,443	3,083	15,127	42,729
	\$ 38,072	\$ 44,302	\$ 43,856	\$ 35,032	\$ 55,706	\$ 216,968

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The following table presents interest and other income, net:

	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009			% Change
	Amount	% of Net Revenue	Amount	% of Net Revenue	Increase (Decrease)	in Amount
(In thousands, except percentages)						
Interest income, net	\$2,314	0.1%	\$4,398	0.5%	\$(2,084)	(47.4)%
Other income, net	2,858	0.2	1,646	0.2	1,212	73.6

Interest income, net, reflects interest earned on cash and cash equivalents and marketable securities balances. Other income, net, primarily includes gains and losses on foreign currency transactions. The decrease in interest income, net, was the result of the overall decrease in market interest rates. The average interest rates in the three months ended March 31, 2010 and 2009 were 0.39% and 0.91%, respectively. The decrease in the average interest rate is a reflection of the current interest rate environment (Federal Funds Rate nearly 0%) and reinvestment rates being significantly lower than in 2009.

Provision for Income Taxes

We recorded a tax provision of \$2.3 million and a tax benefit of \$5.0 million in the three months ended March 31, 2010 and 2009, respectively. Our effective tax rates were 1.0% and 5.2% in the three months ended March 31, 2010 and 2009, respectively. The difference between our effective tax rates and the 35% federal statutory rate resulted primarily from foreign earnings taxed at rates lower than the federal statutory rate in the three months ended March 31, 2010 and 2009, domestic losses recorded without income tax benefit in the three months ended March 31, 2009, and \$3.9 million of tax benefits in the three months ended March 31, 2010 resulting primarily from the March 22, 2010 decision in the U.S. Court of Appeals for the Ninth Circuit case concerning Xilinx (as discussed below) and \$1.0 million of tax benefits in the three months ended March 31, 2009, resulting primarily from the expiration of the statutes of limitations for the assessment of taxes in various foreign jurisdictions. Additionally, we recorded a tax benefit of \$3.9 million in the three months ended March 31, 2009 reflecting the utilization of a portion of our credits for increasing research activities (research and development tax credits) pursuant to a provision contained in the *American Recovery and Reinvestment Act of 2009*, which was enacted in February 2009.

We utilize the asset and liability method of accounting for income taxes. We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial performance. Forming a conclusion that a valuation allowance is not required is difficult when there is negative evidence such as cumulative losses in recent years. As a result of our recent cumulative losses in the U.S. and certain foreign jurisdictions, and the full utilization of our loss carryback opportunities, we have concluded that a full valuation allowance should be recorded in such jurisdictions. In certain other foreign jurisdictions where we do not have cumulative losses, we had net deferred tax liabilities of \$10.7 million and \$11.2 million at March 31, 2010 and December 31, 2009, respectively.

As previously disclosed, on May 27, 2009, the U.S. Court of Appeals for the Ninth Circuit in the case between Xilinx, Inc. and the Commissioner of Internal Revenue, overturned a 2005 U.S. Tax Court ruling regarding treatment of certain compensation expenses under a Company's research and development cost-sharing arrangements with affiliates. The Court of Appeals held that related parties to such an arrangement must share stock-based compensation expenses, notwithstanding the fact that unrelated parties in such an arrangement would not share such costs. The case was subject to further appeal. As a result of this May 27, 2009 decision, we reduced our gross deferred tax assets for federal and state net operating loss carryforwards and capitalized research and development costs, increased in our deferred tax assets for certain tax credits, and increased our tax provision in 2009 by \$3.2 million.

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On January 13, 2010, the U.S. Court of Appeals for the Ninth Circuit withdrew its May 27, 2009 ruling in the Xilinx case and subsequently issued a new decision in favor of Xilinx on March 22, 2010, thereby affirming the August 30, 2005 decision of the U.S. Tax Court. Consequently, during the quarter ended March 31, 2010, we reversed the amounts we had previously recorded in 2009 related to the court's May 27, 2009 decision. As a result, in the quarter ended March 31, 2010, we reduced our tax provision by \$3.2 million and adjusted certain of our gross deferred tax assets. Included in these adjustments was an increase in our federal and state net operating loss carryforwards of approximately \$665 million and \$455 million, respectively, an increase of federal and state capitalized research and development costs of approximately \$10 million each, an increase in our deferred tax assets relating to stock-based compensation of approximately \$65 million, and a decrease in certain tax credits of approximately \$10 million. These changes in our gross deferred tax assets were fully offset by a valuation allowance adjustment, and therefore did not result in any change in our net deferred tax assets or our income tax expense for the three months ended March 31, 2010. In addition to the adjustments related to the March 22, 2010 Xilinx decision, in the three months ended March 31, 2010, we reduced our federal and state net operating losses by approximately \$60 million for adjustments to our intercompany charges to foreign affiliates for the years ended 2001 to 2009. This reduction to our net operating losses is fully offset by a corresponding adjustment to the valuation allowance for deferred tax assets resulting in no net change to net deferred tax assets in our unaudited condensed consolidated balance sheet and no adjustment to our income tax expense.

We file federal, state and foreign income tax returns in jurisdictions with varying statutes of limitations. The 2004 through 2009 tax years generally remain subject to examination by federal and most state tax authorities. In foreign jurisdictions, the 2002 through 2009 tax years generally remain subject to examination by tax authorities.

Our income tax returns for the 2004, 2005 and 2006 tax years and our employment tax returns for the 2003, 2004, 2005 and 2006 tax years are currently under examination by the Internal Revenue Service. We do not expect that the results of these examinations will have a material effect on our financial condition or results of operations. In March 2010, a Notice of Proposed Adjustment, or NOPA, was received relating to the IRS examination of our 2004, 2005 and 2006 income tax returns. The NOPA primarily relates to cost-sharing methodologies of stock based compensation, as well as other cost-sharing related issues. In light of the Ninth Circuit Xilinx decision, we believe the stock based compensation matters identified in the NOPA and the settlement of the remaining proposed adjustments will not result in a material adverse financial impact on our results of operations.

We operate under tax holidays in Singapore, which are effective through March 31, 2014. The tax holidays are conditional upon our continued compliance in meeting certain employment and investment thresholds.

The research and development tax credit provisions of the *Emergency Economic Stabilization Act of 2008* expired December 31, 2009 and were not extended as of March 31, 2010. As of March 31, 2010 our federal and state research and development tax credits totaled \$838.2 million, which is subject to a full valuation allowance.

Recent Accounting Pronouncements

In January 2010 the FASB issued ASU 2009-16, *Accounting for Transfers of Financial Assets (FASB Statement No. 166, Accounting for Transfers of Financial Assets)*, or ASU 2009-16, which eliminates the concept of a qualifying special-purpose entity (QSPE), revises conditions for reporting a transfer of a portion of a financial asset as a sale (e.g., loan participations), clarifies the derecognition criteria, eliminates special guidance for guaranteed mortgage securitizations, and changes the initial measurement of a transferor's interest in transferred financial assets. ASU 2009-16 is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2009. We adopted the provisions of this ASU effective January 1, 2010, which did not have a material impact on our financial statements.

In January 2010 the FASB ASU 2009-17, *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (FASB Statement No. 167, Amendments to FASB Interpretation No. 46 (R))*, which revises analysis for identifying the primary beneficiary of a variable interest entity, or VIE, by replacing the previous quantitative-based analysis with a framework that is based more on qualitative judgments. The new guidance requires the primary beneficiary of a VIE to be identified as the party that both (i) has the power to direct the activities of a VIE that most significantly impact its economic performance and

(ii) has an obligation to absorb losses or a right to receive benefits that could potentially be significant to the VIE. ASU 2009-17 is effective for

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financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2009. We adopted the provisions of this ASU effective January 1, 2010, which did not have a material impact on our financial statements.

Liquidity and Capital Resources

Working Capital and Cash and Marketable Securities. The following table presents working capital, and cash and cash equivalents and marketable securities:

	March 31, 2010	December 31, 2009	Increase (Decrease)
		(In thousands)	
Working capital	\$ 1,988,860	\$ 1,765,982	\$ 222,878
Cash and cash equivalents ⁽¹⁾	\$ 1,507,909	\$ 1,397,093	\$ 110,816
Short-term marketable securities ⁽¹⁾	536,198	532,281	3,917
Long-term marketable securities	310,919	438,616	(127,697)
	\$ 2,355,026	\$ 2,367,990	\$ (12,964)

(1) Included in working capital.

See the summary of cash, cash equivalents, short and long-term marketable securities by major security type and discussion of market risk that follows in Item 3. *Quantitative and Qualitative Disclosures about Market Risk.*

Cash Provided and Used in the Three Months Ended March 31, 2010 and 2009. Cash and cash equivalents increased to \$1.508 billion at March 31, 2010 from \$1.397 billion at December 31, 2009 as a result of cash provided by operating activities, net proceeds from the sales and maturities of marketable securities and the proceeds from the issuance of our Class A common stock, offset in part by the purchase of Teknovus as well as repurchases of our Class A common stock and the payment of our quarterly dividend.

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Net cash provided by operating activities	\$ 267,816	\$ 90,710
Net cash provided by (used in) investing activities	(1,406)	14,088
Net cash used in financing activities	(155,594)	(11,271)
Increase in cash and cash equivalents	\$ 110,816	\$ 93,527
Cash and cash equivalents at beginning of period	1,397,093	1,190,645
Cash and cash equivalents at end of period	\$ 1,507,909	\$ 1,284,172

Operating Activities

In the three months ended March 31, 2010 our operating activities provided \$267.8 million in cash. This was primarily the result of net income of \$210.2 million and net non-cash operating expenses of \$156.5 million, offset in part by net cash used by changes in operating assets and liabilities of \$98.9 million. In the three months ended March 31, 2009 our operating activities provided \$90.7 million in cash. This was primarily the result of \$155.4 million in net non-cash operating expenses, \$27.2 million in net cash provided by changes in operating assets and liabilities offset in part by a net loss of \$91.9 million. Changes in assets and liabilities at March 31, 2010 compared to December 31, 2009 included the following:

Our days sales outstanding increased from 35 days to 38 days, driven by a variation in revenue linearity.

Our inventory days on hand marginally increased from 52 days to 53 days, resulting primarily from the timing of inventory purchases and vendor payments.

Our accounts payable days outstanding remained constant at 63 days.

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We typically bill customers on an open account basis subject to our standard net thirty day payment terms. If, in the longer term, our revenue increases, it is likely that our accounts receivable balance will also increase. Our accounts receivable could also increase if customers delay their payments or if we grant extended payment terms to customers, both of which are more likely to occur during challenging economic times when our customers may face issues gaining access to sufficient credit on a timely basis.

Finished goods inventory decreased due to very strong demand while work in process inventory increases were attributable to increased order activity. In the future, our inventory levels will continue to be determined by the level of purchase orders we receive and the stage at which our products are in their respective product life cycles, our ability, and the ability of our customers, to manage inventory under hubbing arrangements, and competitive situations in the marketplace. Such considerations are balanced against the risk of obsolescence or potentially excess inventory levels.

Investing Activities

Investing activities used \$1.4 million in cash in the three months ended March 31, 2010, which was primarily the result of \$102.5 million in net cash paid for the acquisition of Teknovus and \$18.2 million of capital equipment purchases, mostly to support our research and development efforts, offset in part by the net proceeds from the sales and maturities of marketable securities of \$124.2 million. Investing activities provided \$14.1 million in cash in the three months ended March 31, 2009, which was primarily the result of net proceeds from marketable securities of \$24.4 million offset in part by \$12.5 million of capital equipment purchases, mostly to support our research and development efforts.

Financing Activities

Our financing activities used \$155.6 million in cash in the three months ended March 31, 2010, which was primarily the result of \$154.0 million in repurchases of shares of our Class A common stock, dividends paid of \$39.6 million, repayment of debt assumed in our Teknovus acquisition of \$14.6 million and \$29.6 million in minimum tax withholding paid on behalf of employees for shares issued pursuant to restricted stock units, offset in part by \$82.2 million in proceeds received from issuances of common stock upon exercise of stock options. Our financing activities used \$11.3 million in cash in the three months ended March 31, 2009, which was primarily the result of \$16.1 million in minimum tax withholding paid on behalf of employees for shares issued pursuant to restricted stock units, offset in part by \$4.8 million in proceeds received from issuances of common stock upon exercise of stock options.

The timing and number of stock option exercises and employee stock purchases and the amount of cash proceeds we receive through those exercises and purchases are not within our control, and in the future we may not generate as much cash from the exercise of stock options as we have in the past. Moreover, it is now our practice to issue a combination of restricted stock units and stock options only to certain employees and, in most cases to issue solely restricted stock units. Unlike the exercise of stock options, the issuance of shares upon vesting of restricted stock units does not result in any cash proceeds to Broadcom and requires the use of cash, as we currently allow employees to elect to have a portion of the shares issued upon vesting of restricted stock units withheld to satisfy minimum statutory withholding taxes, which we then pay in cash to the appropriate tax authorities on each participating employee's behalf.

Prospective Capital Needs. We believe that our existing cash, cash equivalents and marketable securities, together with cash generated from operations and from the purchase of common stock through our employee stock option and purchase plans, will be sufficient to cover our working capital needs, capital expenditures, investment requirements, commitments, repurchases of our Class A common stock and quarterly dividends for at least the next 12 months. However, it is possible that we may need to raise additional funds to finance our activities beyond the next 12 months or to consummate acquisitions of other businesses, assets, products or technologies. If needed, we may be able to raise such funds by selling equity or debt securities to the public or to selected investors, or by borrowing money from financial institutions. We could also reduce certain expenditures, such as repurchases of our Class A common stock.

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In addition, even though we may not need additional funds, we may still elect to sell additional equity or debt securities or obtain credit facilities for other reasons. If we elect to raise additional funds, we may not be able to obtain such funds on a timely basis on acceptable terms, if at all. If we raise additional funds by issuing additional equity or convertible debt securities, the ownership percentages of existing shareholders would be reduced. In addition, the equity or debt securities that we issue may have rights, preferences or privileges senior to those of our Class A common stock.

Although we believe that we have sufficient capital to fund our activities for at least the next 12 months, our future capital requirements may vary materially from those now planned. We anticipate that the amount of capital we will need in the future will depend on many factors, including:

general economic and political conditions and specific conditions in the markets we address, including the continuing volatility in the technology sector and semiconductor industry, the recent global economic recession, trends in the broadband communications markets in various geographic regions, including seasonality in sales of consumer products into which our products are incorporated;

the unavailability of credit and financing, which may lead certain of our customers to reduce their levels of purchases or to seek credit or other accommodations from us;

litigation expenses, settlements and judgments;

the overall levels of sales of our semiconductor products, licensing revenue, income from the Qualcomm Agreement and product gross margins;

our business, product, capital expenditure and research and development plans, and product and technology roadmaps;

the market acceptance of our products;

repurchases of our Class A common stock;

payment of cash dividends;

required levels of research and development and other operating costs;

volume price discounts and customer rebates;

intellectual property disputes, customer indemnification claims and other types of litigation risks;

the levels of inventory and accounts receivable that we maintain;

acquisitions of other businesses, assets, products or technologies;

licensing royalties payable by us;

changes in our compensation policies;

the issuance of restricted stock units and the related cash payments we make for withholding taxes due from employees during 2010 and future years;

capital improvements for new and existing facilities;

technological advances;

our competitors' responses to our products and our anticipation of and responses to their products;

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our relationships with suppliers and customers;

the availability and cost of sufficient foundry, assembly and test capacity and packaging materials; and

the level of exercises of stock options and stock purchases under our employee stock purchase plan.

In addition, we may require additional capital to accommodate planned future long-term growth, hiring, infrastructure and facility needs.

Off-Balance Sheet Arrangements. At March 31, 2010 we had no material off-balance sheet arrangements, other than our operating leases.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Interest Rate Risk

Investments in both fixed rate and floating rate instruments carry a degree of interest rate risk. Fixed rate securities may have their market value adversely impacted due to an increase in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectations due to changes in interest rates or if the decline in fair value of our publicly traded debt investments is judged to be other-than-temporary. We may suffer losses in principal if we are forced to sell securities that have declined in market value due to changes in interest rates. However, because any debt securities we hold are classified as available-for-sale, no gains or losses are realized in the income statement due to changes in interest rates unless such securities are sold prior to maturity or unless declines in value are determined to be other-than-temporary. These securities are reported at fair value with the related unrealized gains and losses included in accumulated other comprehensive income (loss), a component of shareholders' equity, net of tax.

In a declining interest rate environment, as short term investments mature, reinvestment occurs at less favorable market rates. Given the short term nature of certain investments, the current interest rate environment may continue to negatively impact our investment income.

To assess the interest rate risk associated with our investment portfolio, we performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the investment portfolio assuming a 100 basis point parallel shift in the yield curve. Based on investment positions as of March 31, 2010, a 100 basis point increase in interest rates across all maturities would result in a \$6.8 million incremental decline in the fair market value of the portfolio. As of December 31, 2009, a similar 100 basis point shift in the yield curve would have resulted in an \$8.8 million incremental decline in the fair market value of the portfolio. Such losses would only be realized if we sold the investments prior to maturity.

Actual future gains and losses associated with our investments may differ from the sensitivity analyses performed as of March 31, 2010 due to the inherent limitations associated with predicting the changes in the timing and level of interest rates and our actual exposures and positions.

Approximately \$1.009 billion of our \$1.508 billion of cash and cash equivalents at March 31, 2010 is located in foreign countries where we conduct business. There may be tax effects upon repatriation of that cash to the United States.

Item 4. *Controls and Procedures*

We are committed to maintaining disclosure controls and procedures designed to ensure that information required to be disclosed in our periodic reports filed under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of

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achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures and implementing controls and procedures based on the application of management's judgment.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2010, the end of the period covered by this Report.

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the three months ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Internal Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of management override or improper acts, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to management override, error or improper acts may occur and not be detected. Any resulting misstatement or loss may have an adverse and material effect on our business, financial condition and results of operations.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

The information set forth under Note 8 of Notes to Unaudited Condensed Consolidated Financial Statements, included in Part I, Item 1 of this Report, is incorporated herein by reference. For an additional discussion of certain risks associated with legal proceedings, see Risk Factors immediately below.

Item 1A. Risk Factors

Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described below in addition to the other cautionary statements and risks described elsewhere and the other information contained in this Report and in our other filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2009 and subsequent reports on Forms 10-Q and 8-K. The description of risk factors included below includes any material changes to and supersedes the description of risk factors associated with our business previously described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs with material adverse effects on Broadcom, our business, financial condition, results of operations and/or liquidity could be seriously harmed. In that event, the market price for our Class A common stock will likely decline, and you may lose all or part of your investment.

Our operating results may be adversely impacted by worldwide political and economic uncertainties and specific conditions in the markets we address, including the cyclical nature of and volatility in the semiconductor industry. As a result, the market price of our Class A common stock may decline.

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We operate primarily in the semiconductor industry, which is cyclical and subject to rapid change and evolving industry standards. From time to time, the semiconductor industry has experienced significant downturns, such as the most recent global downturn. These downturns are characterized by decreases in product demand, excess customer inventories, and accelerated erosion of prices. These factors could cause substantial fluctuations in our revenue, gross margins and results of operations. In addition, during these downturns some competitors may become more aggressive in their pricing practices, which would adversely impact our product gross margins. Any downturns in the semiconductor industry may be severe and prolonged, and any failure of the industry or wired and wireless communications markets to fully recover from downturns could seriously impact our revenue and harm our business, financial condition and results of operations. The semiconductor industry also periodically experiences increased demand and production capacity constraints, which may affect our ability to ship products. Accordingly, our operating results may vary significantly as a result of the general conditions in the semiconductor industry, which could cause large fluctuations in our stock price.

Many other factors have the potential to significantly impact our business, such as: concerns about inflation and deflation, deterioration in credit availability due to the recent financial crisis, volatility in energy costs, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions and liquidity concerns in the wired and wireless communications markets, reduced availability of insurance coverage or reduced ability to pay claims by insurance carriers, recent international conflicts and terrorist and military activity, and the impact of natural disasters and public health emergencies. These conditions may make it extremely difficult for our customers, our vendors and us to accurately forecast and plan future business activities, and they could cause U.S. and foreign businesses to reduce spending on our products and services, which would delay and lengthen sales cycles. Furthermore, during challenging economic times our customers may face issues gaining timely access to sufficient credit or could even need to file for bankruptcy. Either of these circumstances could result in an impairment of their ability to make timely payments to us. If these circumstances were to occur, we may be required to increase our allowance for doubtful accounts and our days sales outstanding would be negatively impacted. Historically, semiconductor companies are several steps removed from the end-customer in the supply chain and have experienced growth patterns that are different than what the end demand might be, particularly during periods of high volatility. This can manifest itself in periods of growth in excess of their customers followed by periods of under-shipment before the volatility abates. However, given recent economic conditions it is possible that any correlation will continue to be less predictable and will result in increased volatility in our operating results and stock price. We cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery, worldwide, in the semiconductor industry or in the wired and wireless communications markets. If the economy or markets in which we operate deviate from present levels or deteriorate, we may record additional charges related to restructuring costs and the impairment of goodwill and long-lived assets, and our business, financial condition and results of operations may be materially and adversely affected. Additionally, the combination of our lengthy sales cycle coupled with challenging macroeconomic conditions could have a synergistic negative impact on the results of our operations. The impact of market volatility is not limited to revenue but may also affect our product gross margins and other financial metrics. Such impact could be manifested in, but not limited to, factors such as fixed cost overhead absorption.

Our quarterly operating results may fluctuate significantly. As a result, we may fail to meet the expectations of securities analysts and investors, which could cause our stock price to decline.

Our quarterly net revenue and operating results have fluctuated significantly in the past and are likely to continue to vary from quarter to quarter due to a number of factors, many of which are not within our control. If our operating results do not meet the expectations of securities analysts or investors, who may derive their expectations by extrapolating data from recent historical operating results, the market price of our Class A common stock will likely decline. Fluctuations in our operating results may be due to a number of factors, including, but not limited to, those listed below and those identified throughout this Risk Factors section, some of which may contribute to more pronounced fluctuations in an uncertain global economic environment:

general economic and political conditions and specific conditions in the markets we address, including the continuing volatility in the technology sector and semiconductor industry, the recent global economic recession, and trends in the broadband communications markets in various geographic regions, including seasonality in sales of consumer products into which our products are incorporated;

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the timing, rescheduling or cancellation of significant customer orders and our ability, as well as the ability of our customers, to manage inventory;

our ability to adjust our operations in response to changes in demand for our existing products and services or demand for new products requested by our customers;

the effectiveness of our expense and product cost control and reduction efforts;

the gain or loss of a key customer, design win or order;

our dependence on a few significant customers and/or design wins for a substantial portion of our revenue;

our ability to specify, develop or acquire, complete, introduce, market and transition to volume production new products and technologies in a cost-effective and timely manner;

intellectual property disputes, customer indemnification claims and other types of litigation risks;

the availability and pricing of raw materials and third party semiconductor foundry, assembly and test capacity;

our ability to retain, recruit and hire key executives, technical personnel and other employees in the positions and numbers, with the experience and capabilities, and at the compensation levels that we need to implement our business and product plans;

our ability to timely and accurately predict market requirements and evolving industry standards and to identify and capitalize upon opportunities in new markets;

the rate at which our present and future customers and end users adopt our technologies and products;

changes in our product or customer mix;

competitive pressures and other factors such as the qualification, availability and pricing of competing products and technologies and the resulting effects on sales and pricing of our products;

our ability to timely and effectively transition to smaller geometry process technologies or achieve higher levels of design integration;

the volume of our product sales and pricing concessions on volume sales;

the impact of the Internal Revenue Service review of certain of our income and employment tax returns; and

the effects of public health emergencies, natural disasters, terrorist activities, international conflicts and other events beyond our control.

We expect new products to account for a high percentage of our future sales. The markets for some of these products are immature and/or unpredictable or are new markets for Broadcom. We cannot assure you that these markets will develop into significant opportunities or that we will continue to derive significant revenue from new products. Based on the limited amount of historical data available to us, it is difficult to anticipate our future revenue streams from, or the sustainability of, such newer products. Typically our new products have lower gross margins until we commence volume production and launch lower cost revisions of such products, enabling us to benefit from economies of scale and more efficient designs.

Our industry is economically dynamic and the level of research and development investment required to remain competitive has been and continues to be subject to change over time. While we intend to manage our operations to achieve results consistent with our long-term financial model, it is possible that we may not achieve results consistent with our model due to increased research and development or other spending occasioned by changing industry dynamics.

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Additionally, as an increasing number of our chips are being incorporated into consumer electronic products, we anticipate greater seasonality and fluctuations in the demand for our products, which may result in greater variations in our quarterly operating results. Depending upon where they are in their product life cycle, consumer electronic products can also have lower prices, which could negatively impact our product revenue and product gross margin.

We are subject to order and shipment uncertainties, and our ability to accurately forecast customer demand may be impaired by our lengthy sales cycle. If we are unable to accurately predict customer demand, we may hold excess or obsolete inventory, which would reduce our product gross margin. Conversely, we may have insufficient inventory, which would result in lost revenue opportunities and potentially in loss of market share and damaged customer relationships.

We typically sell products pursuant to purchase orders rather than long-term purchase commitments. Customers can generally cancel, change or defer purchase orders on short notice without incurring a significant penalty. In the recent past, some of our customers have developed excess inventories of their own products and have, as a consequence, deferred purchase orders for our products. It is difficult to accurately predict what or how many products our customers will need in the future. Anticipating demand is challenging because our customers face volatile pricing and unpredictable demand for their own products, are increasingly focused on cash preservation and tighter inventory management, and may be involved in legal proceedings that could affect their ability to buy our products.

Our ability to accurately forecast customer demand may also be impaired by the delays inherent in our lengthy sales cycle. After we have developed and delivered a product to a customer, the customer will usually test and evaluate our product prior to designing its own equipment or devices that will incorporate our product. Our customers may need three to more than nine months to test, evaluate and adopt our products and an additional three to more than twelve months to begin volume production of equipment or devices that incorporates our products. Due to this lengthy sales cycle, we may experience significant delays from the time we increase our operating expenses and make investments in inventory until the time that we generate revenue from these products. It is possible that we may never generate any revenue from these products after incurring such expenditures. Even if a customer selects our product to incorporate into its equipment or devices, we have no assurance that the customer will ultimately bring its product to market or that such effort by our customer will be successful. The delays inherent in our lengthy sales cycle increase the risk that a customer will decide to cancel or curtail, reduce or delay its product plans. If we incur significant research and development expenses, marketing expenses and investments in inventory in the future that we are not able to recover, our operating results could be adversely affected. In addition, as an increasing number of our chips are being incorporated into consumer products, we anticipate greater fluctuations in demand for our products, which makes it even more difficult to forecast customer demand.

We place orders with our suppliers based on forecasts of customer demand and, in some instances, may establish buffer inventories to accommodate anticipated demand. Our forecasts are based on multiple assumptions, each of which may introduce error into our estimates. If we overestimate customer demand, we may allocate resources to manufacturing products that we may not be able to sell when we expect to, if at all. As a result, we could hold excess or obsolete inventory, which would reduce our profit margins and adversely affect our financial results. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we could forego revenue opportunities and potentially lose market share and damage our customer relationships. In addition, any future significant cancellations or deferrals of product orders or the return of previously sold products could materially and adversely affect our profit margins, increase product obsolescence and restrict our ability to fund our operations. Furthermore, we generally recognize revenue upon shipment of products to a customer. If a customer refuses to accept shipped products or does not timely pay for these products, which has occurred in the past, our revenue and financial results could be materially and adversely impacted.

In addition, a growing percentage of our inventory is maintained under hubbing arrangements with certain of our customers and we plan to continue to use these arrangements for the foreseeable future. Pursuant to these arrangements, we deliver products to a customer or a designated third party warehouse based upon the customer's projected needs, but do not recognize product revenue unless and until the customer reports that it has removed our product from the warehouse to incorporate into its end products. Historically we have had good visibility into customer requirements and shipments within a quarter. However, if a customer does not

take our products under a hubbing arrangement in accordance with the schedule it originally provided us, our predicted future revenue stream

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could vary substantially from our forecasts and our results of operations could be materially and adversely affected. In addition, distributors and/or customers with hubbing arrangements provide us periodic reports regarding product, price, quantity, and when products are shipped to their customers, as well as the quantities of our products they still have in stock. For specialized shipping terms we may also rely on data provided by our freight forwarding providers. For our royalty revenue we also rely on data provided by our customers. Any error in the data provided to us by customers, distributors or other third parties could lead to inaccurate reporting of our revenue, gross profit and net income. Additionally, since we own inventory that is physically located in a third party's warehouse, our ability to effectively manage inventory levels may be impaired, causing our total inventory turns to decrease, which could increase expenses associated with excess and obsolete product and negatively impact our cash flow.

If we fail to appropriately adjust our operations in response to changes in demand for our existing products and services or to the demand for new products requested by our customers, our business could be materially and adversely affected.

We intend to manage our costs and expenses in the short term to achieve our long-term business objectives. We anticipate that in the long term, we may need to expand as general worldwide economic conditions improve. Through internal growth and acquisitions, we significantly increased the scope of our operations and expanded our workforce from 2,774 full-time employees and temporary workers as of December 31, 2003 (excluding interns) to 7,769 full-time employees and temporary workers as of March 31, 2010 (excluding interns). Nonetheless, we may not be able to adjust our workforce and operations in a sufficiently timely manner to respond effectively to changes in demand for our existing products and services or to the demand for new products requested by our customers. In that event, we may be unable to meet competitive challenges or exploit potential market opportunities, and our current or future business could be materially and adversely affected.

Conversely, if we expand our operations and workforce too rapidly in anticipation of increased demand for our products, and such demand does not materialize at the pace at which we expect, our business could be materially and adversely affected. We expect new products, which often require substantial research and development expenses, to account for a high percentage of our future revenue. However, some of the markets for these new products are immature and/or unpredictable or are new markets for Broadcom, and if these markets do not develop at the rates we originally anticipated or if we do not execute successfully, the rate of increase in our operating expenses may exceed the rate of increase, if any, in our revenue. Moreover, we may intentionally choose to increase the rate of our research and development expenses more rapidly than the increase in the rate of our revenue in the short term in anticipation of the long term benefits we would derive from such investment. However, such benefits may never materialize or may not be as significant as we originally believed they would be. For instance, during the last five years we have incurred substantial expenditures on the development of new products for the cellular handset market.

Additionally, our operations are characterized by a high percentage of costs that are fixed or difficult to reduce in the short term, such as research and development expenses, the employment and training of a highly skilled workforce, stock-based compensation expense, and legal, accounting and other external fees. If we experience a slowdown in the semiconductor industry or the wired and wireless communications markets in which we operate, such as the recent slowdown, we may not be able to adjust our operating expenses in a sufficiently timely or effective manner. Although we implemented restructuring actions and a number of other cost saving measures in 2009, if the recovery from the recent slowdown is not sustained, our business, financial condition and results of operations could be materially and adversely affected and we may incur additional restructuring costs.

Our past growth has placed, and any future long-term growth is expected to continue to place, a significant strain on our management personnel, systems and resources. To implement our current business and product plans, we will need to continue to expand, train, manage and motivate our workforce. All of these endeavors will require substantial management effort. In the past we have implemented an enterprise resource planning system to help us improve our planning and management processes, and implemented an equity administration system to support our more complex equity programs. We anticipate that we will also need to continue to implement a variety of new and upgraded operational and financial systems, including enhanced human resources management systems and a business-to-business solution, as well as additional procedures and other internal management systems. In general, the accuracy of information delivered by these systems

may be subject to inherent limitations of programming quality. We may relocate our employees or operations from time to time. Such relocations could result in temporary disruptions of our operations or a diversion of management's attention and resources. If we are unable to effectively

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manage our expanding operations, we may be unable to adjust our business quickly enough to meet competitive challenges or exploit potential market opportunities, or conversely, we may scale our business too quickly and the rate of increase in our expenses may exceed the rate of increase in our revenue, either of which would materially and adversely affect our current or future business.

If we are unable to develop and introduce new products successfully and in a cost-effective and timely manner or to achieve market acceptance of our new products, our operating results would be adversely affected. Additionally, if we are unable to sustain our licensing revenue, our operating results would be adversely affected.

Our future success is dependent upon our ability to develop new semiconductor products for existing and new markets, introduce these products in a cost-effective and timely manner, and convince leading manufacturers to select these products for design into their own new products. Our products are generally incorporated into our customers' products at the design stage. We often incur significant expenditures on the development of a new product without any assurance that a manufacturer will select our product for design into its own product. Once a manufacturer designs a competitor's product into its product offering, it becomes significantly more difficult for us to sell our products to that customer because changing suppliers involves significant cost, time, effort and risk for the customer.

Even if a manufacturer designs one of our products into its product offering, we have no assurances that its product will be commercially successful or that we will receive any revenue from sales of that product. Sales of our products largely depend on the commercial success of our customers' products. Our customers are typically not obligated to purchase our products and can choose at any time to stop using our products if their own products are not commercially successful or for any other reason. Any substantial delay in our customers' product development plans could have a material negative impact on our business.

The vast majority of our licensing revenues and related income to date has been derived from agreements with two customers, Verizon Wireless and Qualcomm. The patent license agreement entered into with Verizon Wireless in July 2007 and the four-year Qualcomm Agreement entered into in April 2009 together are expected to result in licensing revenue and related income that is expected to total \$1.056 billion over a seven year period. From July 2007 through March 2010, we have recorded licensing revenue from our agreement with Verizon Wireless and income from the Qualcomm Agreement of \$422.3 million. From April 2010 through March 2013, we expect to record income from the Qualcomm Agreement of \$634.1 million. The licensing revenue from our agreement with Verizon Wireless ended in March 2009 and the income from the Qualcomm Agreement is non-recurring and will terminate in 2013. There can be no assurances that we will be able to enter into similar arrangements in the future, or that we will be able to successfully collect the remaining payments due to us under the Qualcomm Agreement in the event of a default by Qualcomm.

Our historical results have been, and we expect that our future results will continue to be, dependent on the introduction of a relatively small number of new products and the timely completion and delivery of those products to customers. The development of new silicon devices is highly complex, and from time to time we have experienced delays in completing the development and introduction of new products or lower than anticipated manufacturing yields in the early production of such products. If we were to experience any similar delays in the successful completion of a new product or similar reductions in our manufacturing yields for a new product in the future, our customer relationships, reputation and business could be seriously harmed.

In addition, the development and introduction of new products often requires substantial research and development resources. As a result, we may choose to discontinue one or more products or product development programs to dedicate more resources to new products. The discontinuation of an existing or planned product may materially and adversely affect our relationship with our customers, including customers who may purchase more than one product from us.

Our ability to develop and deliver new products successfully will depend on various factors, including our ability to:

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timely and accurately predict market requirements and evolving industry standards;

accurately define new products;

timely and effectively identify and capitalize upon opportunities in new markets;

timely complete and introduce new product designs;

adjust our operations in response to changes in demand for our products and services or the demand for new products requested by our customers;

license any desired third party technology or intellectual property rights;

effectively develop and integrate technologies from companies that we have acquired;

timely qualify and obtain industry interoperability certification of our products and the products of our customers into which our products will be incorporated;

obtain sufficient foundry capacity and packaging materials;

achieve high manufacturing yields; and

shift our products to smaller geometry process technologies to achieve lower cost and higher levels of design integration.

In some of our businesses, our ability to develop and deliver products successfully and in a timely manner may depend in part on access to information, or licenses of technology or intellectual property rights, from companies that are our competitors. We cannot assure you that such information or licenses will be made available to us on a timely basis, if at all, or at reasonable cost and on commercially reasonable terms.

If we are not able to develop and introduce new products successfully and in a cost effective and timely manner, we will be unable to attract new customers or to retain our existing customers, as these customers may transition to other companies that can meet their product development needs, which would materially and adversely affect our results of operations.

Our acquisition strategy may result in unanticipated accounting charges or otherwise adversely affect our results of operations, and result in difficulties in assimilating and integrating the operations, personnel, technologies, products and information systems of acquired companies or businesses, or be dilutive to existing shareholders. In addition, completing and integrating acquisitions can be costly.

A key element of our business strategy involves expansion through the acquisitions of businesses, assets, products or technologies that allow us to complement our existing product offerings, expand our market coverage, increase our engineering workforce or enhance our technological capabilities. We have historically acquired numerous companies and certain assets of other businesses. We continually evaluate and explore strategic opportunities as they arise, including business combination transactions, strategic partnerships, and the purchase or sale of assets, including tangible and intangible assets such as intellectual property.

Acquisitions may require significant capital infusions, typically entail many risks, and could result in difficulties in assimilating and integrating the operations, personnel, technologies, products and information systems of acquired companies or businesses. We have in the past experienced, and may in the future experience delays in the timing and successful integration of an acquired company's technologies and product development through volume production, unanticipated costs and expenditures, changing relationships with customers, suppliers and strategic partners, or contractual, intellectual property or employment issues. In addition, key personnel of an acquired company may decide not to work for us. Moreover, to the extent we acquire a company with existing products, those products may have lower gross margins than our customary products, which could adversely affect our gross margin and operating results. If an acquired company also has inventory that we assume, we will be required to write up the carrying value of that inventory to fair value. When that inventory is sold, the gross margin for those products will be nominal

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our gross margin for that period will be negatively affected. The acquisition of another company or its products and technologies may also require us to enter into a geographic or business market in which we have little or no prior experience. These challenges could disrupt our ongoing business, distract our management and employees, harm our reputation and increase our expenses. These challenges are magnified as the size of the acquisition increases. Furthermore, these challenges would be even greater if we acquired a business or entered into a business combination transaction with a company that was larger and more difficult to integrate than the companies we have historically acquired.

Acquisitions can result in increased debt or contingent liabilities, adverse tax consequences, additional stock-based compensation expense, and the recording and later amortization of amounts related to certain purchased intangible assets, any of which items could negatively impact our results of operations. In addition, we may record goodwill and other purchased intangible assets in connection with an acquisition and incur impairment charges in the future. For example, we have previously recorded goodwill and long-lived asset impairment charges in connection with various acquisitions related to our Mobile Platforms reporting unit and with respect to our acquisition of the DTV Business of AMD. If our actual results, or the plans and estimates used in future impairment analyses, are less favorable than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges. Any of these types of charges could cause the price of our Class A common stock to decline.

Acquisitions or asset purchases made entirely or partially for cash may reduce our cash reserves. We may seek to obtain additional cash to fund an acquisition by selling equity or debt securities. Any issuance of equity or convertible debt securities may be dilutive to our existing shareholders. In addition, the equity or debt securities that we may issue could have rights, preferences or privileges senior to those of our Class A and/or Class B common stock. For example, as a consequence of the prior pooling-of-interests accounting rules, the securities issued in nine of our acquisitions were shares of Class B common stock, which have voting rights superior to those of our publicly traded Class A common stock.

We cannot assure you that we will be able to consummate any pending or future acquisitions or that we will realize any anticipated benefits from these acquisitions. We may not be able to find suitable acquisition opportunities that are available at attractive valuations, if at all. Even if we do find suitable acquisition opportunities, we may not be able to consummate the acquisitions on commercially acceptable terms, and any decline in the price of our Class A common stock may make it significantly more difficult and expensive to initiate or consummate additional acquisitions. In addition, acquisitions may involve significant transaction expenses which are expensed as incurred and may negatively affect our operating expenses.

Changes in current or future laws or regulations or the imposition of new laws or regulations, including new or changed tax regulations or new interpretations thereof, by federal or state agencies or foreign governments could adversely affect our results of operations, impede the sale of our products or otherwise harm our business.

Changes in current laws or regulations applicable to us or the imposition of new laws and regulations in the United States or elsewhere could materially and adversely affect our business, financial condition and results of operations.

We currently operate under tax holidays and favorable tax incentives in certain foreign jurisdictions. For instance, in Singapore we operate under tax holidays that reduce taxes on substantially all of our operating income in that jurisdiction. Such tax holidays and incentives often require us to meet specified employment and investment criteria in such jurisdictions. We cannot assure you that we will continue to meet such criteria or enjoy such tax holidays and incentives, or realize any net tax benefits from these tax holidays or incentives. If any of our tax holidays or incentives are terminated, our results of operations may be materially and adversely affected. Additionally, potential future U.S. tax legislation could impact the tax benefits we effectively realize from our tax holidays and tax incentives.

We are subject to ongoing examination of our income tax returns in the United States and other jurisdictions. We regularly assess the likely outcomes of these audits to determine the appropriateness of our provision for income taxes, but there can be no assurance that the outcomes from these audits will not have an adverse effect on our operating results.

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The effects of regulation on our customers or the industries in which they operate may materially and adversely impact our business. For example, the Federal Communications Commission has broad jurisdiction in the United States. Although current FCC regulations and the laws and regulations of other federal or state agencies are not directly applicable to our products, they do apply to many of the devices into which our products are incorporated. FCC regulatory policies that affect the ability of cable or satellite operators or telephone companies to offer certain services to their customers or other aspects of their business may impede sales of our products in the United States. For example, in the past we have experienced delays when products incorporating our chips failed to comply with FCC emissions specifications.

In addition, we and our customers are subject to various import and export laws and regulations. Changes in or violations of such regulations could materially and adversely affect our business, financial condition and results of operations. Additionally, various government export regulations apply to the encryption or other features contained in some of our products. We have made numerous filings and applied for and received a number of export licenses under these regulations. However, if we fail to continue to receive licenses or otherwise comply with these regulations, we may be unable to manufacture the affected products at foreign foundries or ship these products to certain customers, or we may incur penalties or fines or our business, financial condition or results of operations may be otherwise adversely affected.

We and our customers may also be subject to regulation by countries other than the United States. Foreign governments may impose tariffs, duties and other import restrictions on components that we obtain from non-domestic suppliers and may impose export restrictions on products that we sell internationally. These tariffs, duties or restrictions could materially and adversely affect our business, financial condition and results of operations.

Due to environmental concerns, the use of lead and other hazardous substances in electronic components and systems is receiving increased attention. In response, the European Union passed the Restriction on Hazardous Substances, or RoHS, Directive, legislation that limits the use of lead and other hazardous substances in electrical equipment. The RoHS Directive became effective July 1, 2006. We believe that our current product designs and material supply chains are in compliance with the RoHS Directive.

Because we depend on a few significant customers and/or design wins for a substantial portion of our revenue, the loss of a key customer or design win or any significant delay in our customers' product development plans could seriously impact our revenue and harm our business. In addition, if we are unable to continue to sell existing and new products to our key customers in significant quantities or to attract new significant customers, our future operating results could be adversely affected.

We have derived a substantial portion of our past revenue from sales to a relatively small number of customers. As a result, the loss of any significant customer could materially and adversely affect our financial condition and results of operations.

Sales to our five largest customers represented 35.2% and 33.6% of our total net revenue in the three months ended March 31, 2010 and 2009, respectively. We expect that our largest customers will continue to account for a substantial portion of our total net revenue in 2010 and for the foreseeable future. The identities of our largest customers and their respective contributions to our net revenue have varied and will likely continue to vary from period to period.

A significant portion of our revenue may also depend on a single product design win with a large customer. As a result, the loss of any such key design win or any significant delay in the ramp of volume production of the customer's products into which our product is designed could materially and adversely affect our financial condition and results of operations. In addition, these key design wins are often with large customers who have significantly greater financial, sales, marketing and other resources than we have and greater bargaining and pricing power, which could materially and adversely affect our operating margins.

We may not be able to maintain or increase sales to certain of our key customers or continue to secure key design wins for a variety of reasons, including the following:

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most of our customers can stop incorporating our products into their own products with limited notice to us and suffer little or no penalty;

our agreements with our customers typically do not require them to purchase a minimum quantity of our products;

many of our customers have pre-existing or concurrent relationships with our current or potential competitors that may affect the customers' decisions to purchase our products;

our customers face intense competition from other manufacturers that do not use our products;

some of our customers may choose to consolidate their supply sources to our detriment; and

some of our customers offer or may offer products that compete with our products.

These relationships often require us to develop new products that may involve significant technological challenges. Our customers frequently place considerable pressure on us to meet their tight development schedules. Accordingly, we may have to devote a substantial portion of our resources to strategic relationships, which could detract from or delay our completion of other important development projects or the development of other products and technologies. Delays in development could impair our relationships with strategic customers and negatively impact sales of the products under development.

In addition, our longstanding relationships with some larger customers may also deter other potential customers who compete with these customers from buying our products. To attract new customers or retain existing customers, we may offer certain customers favorable prices on our products. We may have to offer the same lower prices to certain of our customers who have contractual most favored nation pricing arrangements. In that event, our average selling prices and gross margins would decline. The loss of a key customer or design win, a reduction in sales to any key customer, a significant delay in our customers' product development plans or our inability to attract new significant customers or secure new key design wins could seriously impact our revenue and materially and adversely affect our results of operations.

We face intense competition in the semiconductor industry and the wired and wireless communications markets, which could reduce our market share in existing markets, affect our entry into new markets and cause average selling prices and gross margins to decline.

The semiconductor industry and the wired and wireless communications markets are intensely competitive. We expect competition to continue to increase as industry standards become well known and as other competitors enter our business. We currently compete with a number of major domestic and international suppliers of integrated circuits and related applications. We also compete with suppliers of system-level and motherboard-level solutions incorporating integrated circuits that are proprietary or sourced from manufacturers other than Broadcom. We also may face competition from newly established competitors, suppliers of products based on new or emerging technologies, and customers who choose to develop their own semiconductor solutions. We expect to encounter further consolidation in the markets in which we compete.

Many of our competitors operate their own fabrication facilities and have longer operating histories and presences in key markets, greater name recognition, larger customer bases, and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than we do. These competitors may be able to adapt more quickly to new or emerging technologies and changes in customer requirements. They may also be able to devote greater resources to the promotion and sale of their products. In addition, current and potential competitors have established or may establish financial or strategic relationships among themselves or with existing or potential customers, resellers or other third parties. Accordingly, new competitors or alliances among competitors could emerge and rapidly acquire significant market share. Existing or new competitors may also develop technologies that more effectively address our markets with products that offer enhanced features and functionality, lower power requirements, greater levels of integration or lower cost. Increased competition has resulted in and is likely to continue to result in declining average selling prices, reduced gross margins and loss of market share in certain

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markets. We cannot assure you that we will be able to continue to compete successfully against current or new competitors. If we do not compete successfully, we may lose market share in our existing markets and our revenues may fail to increase or may decline.

Intellectual property risks and third party claims of infringement, misappropriation of proprietary rights or other claims against us could adversely affect our ability to market our products, require us to redesign our products or seek licenses from third parties, and seriously harm our operating results. In addition, the defense of such claims could result in significant costs and divert the attention of our management or other key employees.

Companies in and related to the semiconductor industry and the wired and wireless communications markets often aggressively protect and pursue their intellectual property rights. There are various intellectual property risks associated with developing and producing new products and entering new markets, and we may not be able to obtain, at reasonable cost and upon commercially reasonable terms, licenses to the intellectual property of others that is alleged to read on such new or existing products. From time to time, we have received, and may continue to receive, notices that claim we have infringed upon, misappropriated or misused other parties' proprietary rights. Moreover, in the past we have been and we currently are engaged in litigation with parties that claim that we infringed their patents or misappropriated or misused their trade secrets. In addition, we or our customers may be sued by other parties that claim that our products have infringed their patents or that we or our current or former employees have misappropriated or misused their trade secrets, or which may seek to invalidate one or more of our patents. An adverse determination in any of these types of disputes could prevent us from manufacturing or selling some of our products, limit or restrict the type of work that employees involved in such litigation may perform for Broadcom, increase our costs of revenue, and expose us to significant liability. Any of these claims or litigation may materially and adversely affect our business, financial condition and results of operations. For example, in a patent or trade secret action, a court could issue a preliminary or permanent injunction that would require us to withdraw or recall certain products from the market, redesign certain products offered for sale or under development, or restrict employees from performing work in their areas of expertise. We may also be liable for damages for past infringement and royalties for future use of the technology, and we may be liable for treble damages if infringement is found to have been willful. In addition, governmental agencies may commence investigations or criminal proceedings against our employees, former employees and/or the company relating to claims of misappropriation or misuse of another party's proprietary rights. We may also have to indemnify some customers and strategic partners under our agreements with such parties if a third party alleges or if a court finds that our products or activities have infringed upon, misappropriated or misused another party's proprietary rights. We have received requests from certain customers and strategic partners to include increasingly broad indemnification provisions in our agreements with them. These indemnification provisions may, in some circumstances, extend our liability beyond the products we provide to include liability for combinations of components or system level designs and for consequential damages and/or lost profits. Even if claims or litigation against us are not valid or successfully asserted, these claims could result in significant costs and diversion of the attention of management and other key employees to defend. Additionally, we have sought and may in the future seek to obtain licenses under other parties' intellectual property rights and have granted and may in the future grant licenses to certain of our intellectual property rights to others in connection with cross-license agreements or settlements of claims or actions asserted against us. However, we may not be able to obtain licenses under another party's intellectual property rights on commercially reasonable terms, if at all. In addition, any other rights that we grant to competitors may increase their ability to compete in the marketplace.

Our products may contain technology provided to us by other parties such as contractors, suppliers or customers. We may have little or no ability to determine in advance whether such technology infringes the intellectual property rights of a third party. Our contractors, suppliers and licensors may not be required to indemnify us in the event that a claim of infringement is asserted against us, or they may be required to indemnify us only up to a maximum amount, above which we would be responsible for any further costs or damages. In addition, we may have little or no ability to correct errors in the technology provided by such contractors, suppliers and licensors, or to continue to develop new generations of such technology. Accordingly, we may be dependent on their ability and willingness to do so. In the event of a problem with such technology, or in the event that our rights to use such technology become impaired, we may be unable to

ship our products containing such technology, and may be unable to replace the technology with a suitable alternative within the time frame needed by our customers.

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Table of Contents**We may not be able to adequately protect or enforce our intellectual property rights, which could harm our competitive position.**

Our success and future revenue growth will depend, in part, on our ability to protect our intellectual property. We primarily rely on patent, copyright, trademark and trade secret laws, as well as nondisclosure agreements and other methods, to protect our proprietary technologies and processes. Despite our efforts to protect our proprietary technologies and processes, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our technologies and processes. We currently hold more than 4,050 U.S. and more than 1,650 foreign patents and more than 7,900 additional U.S. and foreign pending patent applications. However, we cannot assure you that any additional patents will be issued. Even if a new patent is issued, the claims allowed may not be sufficiently broad to protect our technology. In addition, any of our existing or future patents may be challenged, invalidated or circumvented. As such, any rights granted under these patents may not provide us with meaningful protection. We may not be able to obtain foreign patents or file pending applications corresponding to our U.S. patents and patent applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If our patents do not adequately protect our technology, our competitors may be able to offer products similar to ours. Our competitors may also be able to develop similar technology independently or design around our patents. Some or all of our patents have in the past been licensed and likely will in the future be licensed to certain of our competitors through cross-license agreements. Moreover, because we have participated and continue to participate in developing various industry standards, we may be required to license some of our patents to others, including competitors, who develop products based on those standards.

Certain of our software (as well as that of our customers) may be derived from so-called open source software that is generally made available to the public by its authors and/or other third parties. Such open source software is often made available under licenses, such as the GNU General Public License, or GPL, which impose certain obligations on us in the event we were to distribute derivative works of the open source software. These obligations may require us to make source code for the derivative works available to the public, and/or license such derivative works under a particular type of license, rather than the forms of license customarily used to protect our intellectual property. In addition, there is little or no legal precedent for interpreting the terms of certain of these open source licenses, including the determination of which works are subject to the terms of such licenses. While we believe we have complied with our obligations under the various applicable licenses for open source software, in the event that the copyright holder of any open source software were to successfully establish in court that we had not complied with the terms of a license for a particular work, we could be required to release the source code of that work to the public and/or stop distribution of that work. With respect to our proprietary software, we generally license such software under terms that prohibit combining it with open source software as described above. Despite these restrictions, parties may combine Broadcom proprietary software with open source software without our authorization, in which case we might nonetheless be required to release the source code of our proprietary software.

We generally enter into confidentiality agreements with our employees, consultants and strategic partners. We also try to control access to and distribution of our technologies, documentation and other proprietary information. Despite these efforts, internal or external parties may attempt to copy, disclose, obtain or use our products, services or technology without our authorization. Also, current or former employees may seek employment with our business partners, customers or competitors, and we cannot assure you that the confidential nature of our proprietary information will be maintained in the course of such future employment. Additionally, current, departing or former employees or third parties could attempt to penetrate our computer systems and networks to misappropriate our proprietary information and technology or interrupt our business. Because the techniques used by computer hackers and others to access or sabotage networks change frequently and generally are not recognized until launched against a target, we may be unable to anticipate, counter or ameliorate these techniques. As a result, our technologies and processes may be misappropriated, particularly in countries where laws may not protect our proprietary rights as fully as in the United States.

In addition, some of our customers have entered into agreements with us that grant them the right to use our proprietary technology if we fail to fulfill our obligations, including product supply obligations, under those agreements, and if we do not correct the failure within a specified time period. Also, some customers may require that we make certain intellectual property available to our competitors so that the customer has a choice among semiconductor vendors for solutions to be incorporated into the customer's products.

Moreover, we often incorporate the intellectual property of strategic customers into our own designs, and have certain obligations not to use or disclose their intellectual property without their authorization.

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We cannot assure you that our efforts to prevent the misappropriation or infringement of our intellectual property or the intellectual property of our customers will succeed. Identifying unauthorized use of our products and technologies is difficult and time consuming. We have in the past been and currently are engaged in litigation to enforce or defend our intellectual property rights, protect our trade secrets, or determine the validity and scope of the proprietary rights of others, including our customers. It is possible that the advent of or developments in such litigation may adversely affect our relationships and agreements with certain customers that are either involved in such litigation or also have business relationships with the party with whom we are engaged in litigation. Such litigation (and the settlement thereof) has been and will likely continue to be very expensive and time consuming. Additionally, any litigation can divert the attention of management and other key employees from the operation of the business, which could negatively impact our business and results of operations.

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

Highly complex products such as the products that we offer frequently contain hardware or software defects or bugs when they are first introduced or as new versions are released. Our products have previously experienced, and may in the future experience, these defects and bugs. If any of our products contains defects or bugs, or has reliability, quality or compatibility problems, 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 and attract new customers. In addition, these defects or bugs could interrupt or delay sales or shipment of our products to customers. To alleviate these problems, we may have to invest significant capital and other resources. Although our products are tested by us, our subcontractors, suppliers and customers, it is possible that 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 field replacement costs. These problems may divert our technical and other resources from other development efforts and could result in claims against us by our customers or others, including possible claims for consequential damages and/or lost profits. Moreover, we may 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. In addition, system and handset providers that purchase components may require that we assume liability for defects associated with products produced by their manufacturing subcontractors and require that we provide a warranty for defects or other problems which may arise at the system level.

We may be unable to attract, retain or motivate key senior management and technical personnel, which could seriously harm our business.

Our future success depends to a significant extent upon the continued service of our key senior management personnel, including our Chief Executive Officer and other senior executives. We have employment agreements with our Chief Executive Officer and certain other executive officers; however the agreements do not govern the length of their service with Broadcom. We do not have employment agreements with most of our elected officers, or any other key employees, although we do have limited change in control severance benefit arrangements in place with certain executives. The loss of the services of key senior management or technical personnel could materially and adversely affect our business, financial condition and results of operations. For instance, if certain of these individuals were to leave our company unexpectedly, we could face substantial difficulty in hiring qualified successors and could experience a loss in productivity during the search for and while any such successor is integrated into our business and operations.

Furthermore, our future success depends on our ability to continue to attract, retain and motivate senior management and qualified technical personnel, particularly software engineers, digital circuit designers, RF and mixed-signal circuit designers and systems applications engineers. Competition for these employees is intense. If we are unable to attract, retain and motivate such personnel in sufficient numbers and on a timely basis, we will experience difficulty in implementing our current business and product plans. In that event, we may be unable to successfully meet competitive challenges or to exploit potential market opportunities, which could adversely affect our business and results of operations.

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We have recently effected a number of cost saving measures and implemented a restructuring plan, both of which could negatively impact employee morale. Over the last few years we have also modified our compensation policies by increasing cash compensation to certain employees and instituting awards of restricted stock units, while simultaneously reducing awards of stock options. These modifications of our compensation policies and the requirement to expense the fair value of equity awards to employees have increased our operating expenses. However, because we are mindful of the dilutive impact of our equity awards, we currently intend to further reduce the number of equity awards granted to employees over time to conform to our model of stock-based compensation expense as 5% of net revenue. While this may have a positive impact on our operating expenses over time, it may negatively impact employee morale and our ability to attract, retain and motivate employees. Our inability to attract and retain additional key employees and any increase in stock-based compensation expense could each have an adverse effect on our business, financial condition and results of operations.

We depend on third-party subcontractors to fabricate, assemble and test substantially all of our products. If any of our subcontractors experience production disruptions or financial difficulties, shipments of our products may be affected, which could adversely impact customer relationships or impair sales. Furthermore, any failure to secure and maintain sufficient foundry capacity could materially and adversely affect our business.

We do not own or operate an assembly or test facility. Seven third-party subcontractors located in Asia assemble and test substantially all of our current products. Because we rely on third-party subcontractors to perform these functions, we cannot directly control our product delivery schedules and quality assurance. This lack of control could result in product shortages or quality assurance problems. These issues could delay shipments of our products or increase our assembly or testing costs.

We do not have long-term agreements with any of our assembly or test subcontractors and typically procure services from these suppliers on a per order basis. If any of them experience financial difficulties, suffer any damage to facilities, experience power outages or any other disruption of assembly or testing capacity, we may not be able to obtain alternative assembly and testing services in a timely manner, or at all. Due to the amount of time that it usually takes to qualify assemblers and testers, we could experience significant delays in product shipments if we are required to find alternative assemblers or testers for our components. Any problems that we may encounter with the delivery, quality or cost of our products could damage our customer relationships and materially and adversely affect our results of operations. We are continuing to develop relationships with additional third-party subcontractors to assemble and test our products. However, even if we use these new subcontractors, we will continue to be subject to all of the risks described above.

Similarly, we do not own or operate a fabrication facility. Five third-party foundry subcontractors located in Asia manufacture substantially all of our semiconductor devices in current production. Availability of foundry capacity has at times in the past been, and may in the future be, reduced due to strong demand. Additionally, due to the recent global economic environment it is possible that our foundry subcontractors could experience financial difficulties that would impede their ability to operate effectively. If we are unable to secure sufficient capacity at our existing foundries, or in the event of a closure at any of these foundries, our product revenue, cost of product revenue and results of operations would be negatively impacted.

If any of our foundries experiences a shortage in capacity, suffers any damage to its facilities due to earthquake, typhoon or other natural disaster, suffers a public health emergency, experiences power outages, suffers an adverse outcome in pending or future litigation, or encounters financial difficulties or any other disruption of foundry capacity, we may encounter supply delays or disruptions, and we may need to qualify an alternative foundry. Our current foundries need to have new manufacturing processes qualified if there is a disruption in an existing process. We typically require several months to qualify a new foundry or process before we can begin shipping products from it. If we cannot accomplish this qualification in a timely manner, we may experience a significant interruption in supply of the affected products.

Because we rely on outside foundries, we face several significant risks in addition to those discussed above, including:

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a lack of guaranteed wafer supply and higher wafer prices, particularly in light of the recent volatility in the commodities markets, which has the impact of increasing the cost of materials used in production of wafers;

limited control over delivery schedules, quality assurance, manufacturing yields and production costs and other terms; and

the limited availability of, or potential delays in obtaining access to, key process technologies.

The manufacture of integrated circuits is a highly complex and technologically demanding process. Although we work closely with our foundries to minimize the likelihood of reduced manufacturing yields, our foundries have from time to time experienced lower than anticipated manufacturing yields. This often occurs during the production of new products or the installation and start-up of new process technologies. Poor yields from our foundries could result in product shortages or delays in product shipments, which could seriously harm our relationships with our customers and materially and adversely affect our results of operations.

The ability of each foundry to provide us with semiconductor devices is limited by its available capacity and existing obligations. Although we have entered into contractual commitments to supply specified levels of products to some of our customers, we do not have a long-term volume purchase agreement or a significant guaranteed level of production capacity with any of our foundries. Foundry capacity may not be available when we need it or at reasonable prices. Availability of foundry capacity has in the past been reduced from time to time due to strong demand. Foundries can allocate capacity to the production of other companies products and reduce deliveries to us on short notice. It is possible that foundry customers that are larger and better financed than we are, or that have long-term agreements with our main foundries, may induce our foundries to reallocate capacity to them. This reallocation could impair our ability to secure the supply of components that we need. Although we use five independent foundries to manufacture substantially all of our semiconductor products, each component is typically manufactured at only one or two foundries at any given time, and if any of our foundries is unable to provide us with components as needed and under acceptable terms, we could experience significant delays in securing sufficient supplies of those components. Also, our third party foundries typically migrate capacity to newer, state-of-the-art manufacturing processes on a regular basis, which may create capacity shortages for our products designed to be manufactured on an older process. We cannot assure you that any of our existing or new foundries will be able to produce integrated circuits with acceptable manufacturing yields, or that our foundries will be able to deliver enough semiconductor devices to us on a timely basis, or on reasonable terms or at reasonable prices. These and other related factors could impair our ability to meet our customers' needs and have a material and adverse effect on our business, financial condition and results of operations.

Although we may utilize new foundries for other products in the future, in using any new foundries we will be subject to all of the risks described in the foregoing paragraphs with respect to our current foundries.

As our international business expands, we are increasingly exposed to various legal, business, political and economic risks associated with our international operations.

We currently obtain substantially all of our manufacturing, assembly and testing services from suppliers located outside the United States. In addition, 56.5% and 50.2% of our product revenue in the three months ended March 31, 2010 and 2009, respectively, was derived from product sales to independent customers outside the United States, excluding foreign subsidiaries or manufacturing subcontractors of customers that are headquartered in the United States. We also frequently ship products to our domestic customers international manufacturing divisions and subcontractors. Products shipped to international destinations, primarily in Asia, represented 96.3% and 92.7% of our product revenue in the three months ended March 31, 2010 and 2009, respectively. We also undertake design and development activities in Belgium, Canada, China, Denmark, France, Greece, India, Israel, Japan, Korea, the Netherlands, Spain, Taiwan and the United Kingdom, among other locations. In addition, we undertake various sales and marketing activities through regional offices in a number of countries. We intend to continue to expand our international business activities and to open other design and operational centers abroad. The continuing effects of overseas conflicts and the risk of terrorist attacks in the United States and abroad, the resulting heightened security, and the increasing risk of extended international military conflicts may adversely impact our international sales and could make our international operations more expensive. International operations are subject to many other inherent risks,

including but not limited to:

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political, social and economic instability;

exposure to different business practices and legal standards, particularly with respect to intellectual property;

natural disasters and public health emergencies;

nationalization of business and blocking of cash flows;

trade and travel restrictions;

the imposition of governmental controls and restrictions and unexpected changes in regulatory requirements;

burdens of complying with a variety of foreign laws;

import and export license requirements and restrictions of the United States and each other country in which we operate;

foreign technical standards;

changes in taxation and tariffs;

difficulties in staffing and managing international operations;

difficulties in collecting receivables from foreign entities or delayed revenue recognition; and

potentially adverse tax consequences.

Any of the factors described above may have a material adverse effect on our ability to increase or maintain our foreign sales.

Economic conditions in our primary overseas markets, particularly in Asia, may negatively impact the demand for our products abroad. All of our international sales to date have been denominated in U.S. dollars. Accordingly, an increase in the value of the U.S. dollar relative to foreign currencies could make our products less competitive in international markets or require us to assume the risk of denominating certain sales in foreign currencies. We anticipate that these factors will impact our business to a greater degree as we further expand our international business activities.

In addition, a significant portion of our cash and marketable securities are held in non-U.S. domiciled countries.

Our outstanding civil litigation relating to the voluntary review of our past equity award practices reported in January 2007 could continue to result in significant costs to us. In addition, any other related action by a governmental agency could result in civil or criminal sanctions against certain of our current and/or former officers, directors and/or employees.

In April 2008 the SEC brought a complaint against Broadcom alleging violations of the federal securities laws, and we entered into a settlement with the SEC. Without admitting or denying the SEC's allegations, we paid a civil penalty of \$12.0 million, which we recorded as a settlement cost in the three months ended March 31, 2008, and stipulated to an injunction against future violations of certain provisions of the federal securities laws. The settlement was approved by the United States District Court for the Central District of California in late April 2008, thus concluding the SEC's investigation of this matter with respect to Broadcom.

As discussed in detail in Note 8 of Notes to Unaudited Condensed Consolidated Financial Statements, included in Part I, Item 1 of this Report, in May 2008 the SEC filed a complaint in the United States District Court for the Central District of California against Dr. Henry Samueli, our then Chairman of the Board and Chief Technical Officer, and three former executive officers of Broadcom. The SEC's civil complaint alleges

that Dr. Samueli, along

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with the other defendants, violated the anti-fraud provisions of the federal securities laws, falsified books and records, and caused the company to report false financial results. On December 15, 2009, in connection with the criminal matters discussed below, the District Court dismissed the SEC's complaint without prejudice as to all defendants. The SEC was given 30 days to refile or amend its complaint if it chose to do so. After the SEC complaint was dismissed, Dr. Samueli was re-elected Chief Technical Officer. On February 4, 2010, the SEC filed a notice indicating that it would not proceed with the case. Dr. Samueli is not currently a director or an executive officer.

In August 2006 we were informally contacted by the U.S. Attorney's Office for the Central District of California and asked to produce documents related to our historical option granting practices. We cooperated with the U.S. Attorney's Office and provided substantial amounts of documents and information to the U.S. Attorney's Office on a voluntary basis and pursuant to grand jury subpoenas. In June 2008, Dr. Henry T. Nicholas, III, our former President and Chief Executive Officer and former Co-Chairman of the Board, and William J. Ruehle, our former Chief Financial Officer, were named in an indictment relating to alleged stock option backdating at the company. Also, in June 2008 Dr. Samueli pled guilty to making a materially false statement to the SEC in connection with its investigation of alleged stock option backdating at the company. In September 2008 the United States District Court for the Central District of California rejected Dr. Samueli's plea agreement. Dr. Samueli appealed the ruling to the United States Court of Appeals for the Ninth Circuit, but that court rejected his appeal. On December 7, 2009, the District Court granted Dr. Samueli use immunity so that he could testify in Mr. Ruehle's trial. On December 8, 2009, at the conclusion of Dr. Samueli's testimony, the District Court set aside Dr. Samueli's guilty plea and dismissed the information against him. Mr. Ruehle's trial began in October 2009 and concluded December 15, 2009. After both sides rested, the District Court dismissed the indictment against Mr. Ruehle on the grounds of prosecutorial misconduct and insufficient evidence of criminal intent. The District Court simultaneously dismissed the option backdating charges against Dr. Nicholas, which were scheduled to be tried in February 2010. The U.S. Attorney's Office has filed notices of appeal as to both Dr. Nicholas and Dr. Samueli, but also represented to the District Court that no final decision has yet been reached as to whether those appeals will be pursued. Any further action by the U.S. Attorney's Office or other governmental agency could result in additional civil or criminal sanctions and/or fines against us and/or certain of our current or former officers, directors and/or employees.

Additionally, as discussed in Note 8 of Notes to Unaudited Condensed Consolidated Financial Statements, we currently are engaged in civil litigation with parties that claim, among other allegations, that certain of our current and former directors and officers improperly dated stock option grants to enhance their own profits on the exercise of such options or for other improper purposes (such actions, the Stock Option Class Actions). Although we and the other defendants intend to defend these claims vigorously, there are many uncertainties associated with any litigation, and we cannot assure you that these actions will be resolved without substantial costs and/or settlement charges that may exceed any reimbursement we may be entitled to under our directors' and officers' insurance policies.

In December 2009 we agreed in principle to settle the Stock Option Class Actions. Under the proposed settlement, the claims against Broadcom and its current and former officers and directors will be dismissed with prejudice and released in exchange for a \$160.5 million cash payment by Broadcom. We recorded the settlement amount as a one-time charge in our statement of income for the three months and year ended December 31, 2009 as our best estimate of our liability based upon current facts and circumstances. The proposed settlement remains subject to the satisfaction of various conditions, including negotiation and execution of a final stipulation of settlement and court approval. If these conditions are satisfied, the proposed settlement will resolve all claims in the Stock Option Class Actions against Broadcom and the individual defendants. In the event that we are unable to execute a final stipulation of settlement and obtain court approval, our estimated liability to settle the Stock Option Class Actions could differ materially from the \$160.5 million recorded in 2009.

In addition, we rely on independent registered public accounting firms for opinions and consents to maintain current reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and to have effective registration statements under the Securities Act of 1933, as amended, or the Securities Act, on file with the SEC, including our outstanding registration statements on Forms S-3, S-4 and S-8. The pending arbitration proceedings involving Ernst & Young LLP, or E&Y, our former independent registered public

accounting firm, could adversely impact our ability to obtain any necessary consents in the future from E&Y. In that event, we may be required to have our new independent registered public accounting firm reaudit the affected periods and during such reaudit

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may not be able to timely file required Exchange Act reports with the SEC or to issue equity, including common stock pursuant to equity awards that comprise a significant portion of our compensation packages, under our outstanding or any new registration statements. Furthermore, as a result of the reaudit, it is possible that additional accounting issues may be identified.

The resolution of the investigation by the U.S. Attorney's Office, the defense of our pending civil litigation, and the defense of any additional litigation that may arise relating to our past equity award practices or the January 2007 restatement of our prior financial statements has in the past and could continue to result in significant costs and diversion of the attention of management and other key employees. We have indemnification agreements with each of our present and former directors and officers, under which Broadcom is generally required to indemnify them against expenses, including attorneys' fees, judgments, fines and settlements, arising from the pending litigation and related government actions described above (subject to certain exceptions, including liabilities arising from willful misconduct, from conduct knowingly contrary to the best interests of Broadcom, or conduct that is knowingly fraudulent or deliberately dishonest or results in improper personal benefit). The potential amount of the future payments we could be required to make under these indemnification obligations could be significant and could have a material impact on our results of operations.

As discussed in Note 8 in the Notes to the Unaudited Condensed Consolidated Financial Statements, in August 2009 Broadcom and certain of the defendants in the federal derivative action pertaining to past employee stock option grants executed the Partial Derivative Settlement and the Insurance Agreement, a settlement with Broadcom's directors and officers liability insurance carriers. Pursuant to the Insurance Agreement, and subject to the terms described more completely therein, including relinquishing of rights to any further recovery as to the matters described above under these directors' and officers' liability insurance policies by Broadcom and certain of its former and current officers and directors, Broadcom received payments totaling \$118.0 million from its insurance carriers.

In the event that the trial court's approval of the Partial Derivative Settlement is reversed or vacated by an appellate court or otherwise does not become final and non-appealable, Broadcom in its sole discretion has the election to either provide a release to the insurance carriers and indemnify them related to any future claims and retain the \$118.0 million in accordance with the Insurance Agreement or repay to the insurance carriers certain portions of the aggregate amount previously paid to Broadcom. In the event the Partial Derivative Settlement is revised or vacated, it would be our intention to exercise our option to retain the \$118.0 million and indemnify the insurance carriers.

As discussed in Note 8 in the Notes to the Unaudited Condensed Consolidated Financial Statements, on April 1, 2010, the SLC directed Broadcom's General Counsel to file a motion for summary judgment in the derivative action, and on April 5, 2010, that motion was filed seeking dismissal of the claims against the three remaining defendants. If that motion is granted then we would experience a significant reduction in legal expenses related to the derivative action; conversely if the motion is denied then our legal expenses on this matter may increase. We cannot predict whether the District Court will grant the motion, and therefore, we cannot predict the likely impact on our legal expenses.

To remain competitive, we must keep pace with rapid technological change and evolving industry standards in the semiconductor industry and the wired and wireless communications markets.

Our future success will depend on our ability to anticipate and adapt to changes in technology and industry standards and our customers' changing demands. We sell products in markets that are characterized by rapid technological change, evolving industry standards, frequent new product introductions, short product life cycles and increasing demand for higher levels of integration and smaller process geometries. Our past sales and profitability have resulted, to a large extent, from our ability to anticipate changes in technology and industry standards and to develop and introduce new and enhanced products incorporating the new standards and technologies. Our ability to adapt to these changes and to anticipate future standards, and the rate of adoption and acceptance of those standards, will be a significant factor in maintaining or improving our competitive position and prospects for growth. If new industry standards emerge, our products or our customers' products could become unmarketable or obsolete, and we could lose market share. We may also have to incur substantial unanticipated costs to comply with these new standards. In addition, our target markets continue to undergo rapid growth and consolidation. A significant slowdown in any of these wired and wireless communications markets could materially and adversely affect our business, financial condition

and results of operations. These rapid technological changes and evolving industry standards make it difficult to formulate a long-term growth strategy because the semiconductor industry and the wired and wireless communications markets may not continue to develop to the extent or in the time periods that we anticipate. We have invested substantial resources in emerging technologies that did not achieve the market acceptance that we had expected. If new markets do not develop as and when we anticipate, or if our products do not gain widespread acceptance in those markets, our business, financial condition and results of operations could be materially and adversely affected.

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We may experience difficulties in transitioning to smaller geometry process technologies or in achieving higher levels of design integration, which may result in reduced manufacturing yields, delays in product deliveries and increased expenses.

To remain competitive, we expect to continue to transition our semiconductor products to increasingly smaller line width geometries. This transition requires us to modify the manufacturing processes for our products and to redesign some products as well as standard cells and other integrated circuit designs that we may use in multiple products. We periodically evaluate the benefits, on a product-by-product basis, of migrating to smaller geometry process technologies to reduce our costs. Substantially all of our products are currently manufactured in 130 nanometers and 65 nanometer geometry processes, and we are now designing most new products in 65 nanometers and 40 nanometers and planning for the transition to smaller process geometries. In the past, we have experienced some difficulties in shifting to smaller geometry process technologies or new manufacturing processes, which resulted in reduced manufacturing yields, delays in product deliveries and increased expenses. The transition to 65 nanometer geometry process technology has resulted in significantly higher mask and prototyping costs, as well as additional expenditures for engineering design tools and related computer hardware. We may face similar difficulties, delays and expenses as we continue to transition our products to smaller geometry processes.

We are dependent on our relationships with our foundry subcontractors to transition to smaller geometry processes successfully. We cannot assure you that the foundries that we use will be able to effectively manage the transition in a timely manner, or at all, or that we will be able to maintain our existing foundry relationships or develop new ones. If any of our foundry subcontractors or we experience significant delays in this transition or fail to efficiently implement this transition, we could experience reduced manufacturing yields, delays in product deliveries and increased expenses, all of which could negatively impact our results of operations.

As smaller geometry processes become more prevalent, we expect to continue to integrate greater levels of functionality, as well as customer and third party intellectual property, into our products. However, we may not be able to achieve higher levels of design integration or deliver new integrated products on a timely basis, if at all. Moreover, even if we are able to achieve higher levels of design integration, such integration may have an adverse impact on our operating results, as a result of increasing costs and expenditures as described above as well as the risk that we may reduce our revenue by integrating the functionality of multiple chips into a single chip.

Our stock price is highly volatile. Accordingly, you may not be able to resell your shares of common stock at or above the price you paid for them.

The market price of our Class A common stock has fluctuated substantially in the past and is likely to continue to be highly volatile and subject to wide fluctuations. From January 1, 2008 through March 31, 2010 our Class A common stock has traded at prices as low as \$12.98 and as high as \$34.30 per share. Fluctuations have occurred and may continue to occur in response to various factors, many of which we cannot control, including:

- general economic and political conditions and specific conditions in the markets we address, including the continued volatility in the technology sector and semiconductor industry, the recent global economic recession, trends in the broadband communications markets in various geographic regions, including seasonality in sales of consumer products into which our products are incorporated;

- quarter-to-quarter variations in our operating results;

- changes in earnings estimates or investment recommendations by analysts;

- rulings in currently pending or newly-instituted intellectual property litigation;

- other newly-instituted litigation or governmental investigations or an adverse decision or outcome in any litigation, investigation or regulatory matter;

- announcements of changes in our senior management;

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the effect of potential changes in U.S. or foreign laws and regulations or the interpretation or enforcement thereof;

the gain or loss of one or more significant customers or suppliers;

announcements of technological innovations or new products by our competitors, customers or us;

announcements of acquisitions by our competitors, customers or us;

the gain or loss of market share in any of our markets;

changes in accounting rules;

continuing international conflicts and acts of terrorism;

changes in the methods, metrics or measures used by analysts to evaluate our stock;

changes in investor perceptions; or

changes in expectations relating to our products, plans and strategic position or those of our competitors or customers.

In addition, the market prices of securities of Internet-related, semiconductor and other technology companies have been and remain volatile. This volatility has significantly affected the market prices of securities of many technology companies for reasons frequently unrelated to the operating performance of the specific companies. Accordingly, you may not be able to resell your shares of common stock at or above the price you paid. In the past, we and other companies that have experienced volatility in the market price of their securities have been, and we currently are, the subject of securities class action litigation.

Due to the nature of our compensation programs, most of our executive officers sell shares of our common stock each quarter or otherwise periodically, often pursuant to trading plans established under Rule 10b5-1 promulgated under the Exchange Act. As a result, sales of shares by our executive officers may not be indicative of their respective opinions of Broadcom's performance at the time of sale or of our potential future performance. Nonetheless, the market price of our stock may be affected by sales of shares by our executive officers.

In addition, fluctuations in the price of our stock may reduce the ability of our share repurchase program to deliver long-term shareholder value, because the market price of the stock may decline significantly below the levels at which repurchases were made.

Our co-founders and their affiliates can control the outcome of matters that require the approval of our shareholders, and accordingly we will not be able to engage in certain transactions without their approval.

As of March 31, 2010 our co-founders, directors, executive officers and their respective affiliates beneficially owned 12.6% of our outstanding common stock and held 55.6% of the total voting power held by our shareholders. Accordingly, these shareholders currently have enough voting power to control the outcome of matters that require the approval of our shareholders. These matters include the election of our Board of Directors, the issuance of additional shares of Class B common stock, and the approval of most significant corporate transactions, including certain mergers and consolidations and the sale of substantially all of our assets. In particular, as of March 31, 2010 our two founders, Dr. Henry T. Nicholas III and Dr. Henry Samueli, beneficially owned a total of 11.3% of our outstanding common stock and held 55.3% of the total voting power held by our shareholders. Because of their significant voting stock ownership, we will not be able to engage in certain transactions, and our shareholders will not be able to effect certain actions or transactions, without the approval of one or both of these shareholders. These actions and transactions include changes in the composition of our Board of Directors, certain mergers, and the sale of control of our company by means of a tender offer, open market purchases or other purchases of our Class A common stock, or otherwise. Repurchases of shares of our Class A common stock under our share repurchase program will

result in an increase in the total voting power of our co-founders, directors, executive officers and their affiliates, as well as other continuing shareholders.

Table of Contents**Some of the independent foundries upon which we rely to manufacture our products, as well as our own California and Singapore facilities, are located in regions that are subject to earthquakes and other natural disasters.**

Two of the third-party foundries upon which we rely to manufacture a substantial number of our semiconductor devices, are located in Taiwan. Taiwan has experienced significant earthquakes in the past and could be subject to additional earthquakes. Any earthquake or other natural disaster, such as a tsunami, in a country in which any of our foundries is located could significantly disrupt our foundries' production capabilities and could result in our experiencing a significant delay in delivery, or substantial shortage, of wafers and possibly in higher wafer prices.

Our California facilities, including our principal executive offices and major design centers, are located near major earthquake fault lines. Our international distribution center and some of our third-party foundries are located in Singapore, which could also be subject to an earthquake, tsunami or other natural disaster. If there is a major earthquake or any other natural disaster in a region where one or more of our facilities are located, our operations could be significantly disrupted. Although we have established business interruption plans to prepare for any such event, we cannot guarantee that we will be able to effectively address all interruptions that such an event could cause.

Any supply disruption or business interruption could materially and adversely affect our business, financial condition and results of operations.

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

On January 27, 2010 our Board of Directors declared Broadcom's first quarterly cash dividend. We intend to continue to pay quarterly dividends subject to capital availability and periodic determinations by our Board of Directors that cash dividends are in the best interest of our shareholders and are in compliance with all laws and agreements of Broadcom applicable to the declaration and payment of cash dividends. Future dividends may be affected by, among other factors: our views on potential future capital requirements for investments in acquisitions and the funding of our research and development; legal risks; stock repurchase programs; changes in federal and state income tax laws or corporate laws; and changes to our business model. Our dividend payments may change from time to time, and we cannot provide assurance that we will continue to declare dividends at all or in any particular amounts. A reduction in our dividend payments could have a negative effect on our stock price.

Our articles of incorporation and bylaws contain anti-takeover provisions that could prevent or discourage a third party from acquiring us.

Our articles of incorporation and bylaws contain provisions that may prevent or discourage a third party from acquiring us, even if the acquisition would be beneficial to our shareholders. In addition, we have in the past issued and may in the future issue shares of Class B common stock in connection with certain acquisitions, upon exercise of certain stock options, and for other purposes. Class B shares have superior voting rights entitling the holder to ten votes for each share held on matters that we submit to a shareholder vote (as compared to one vote per share in the case of our Class A common stock) as well as the right to vote separately as a class (i) as required by law and (ii) in the case of a proposed issuance of additional shares of Class B common stock, unless such issuance is approved by at least two-thirds of the members of the Board of Directors then in office. Our Board of Directors also has the authority to fix the rights and preferences of shares of our preferred stock and to issue shares of common or preferred stock without a shareholder vote. It is possible that the provisions in our charter documents, the exercise of supervoting rights by holders of our Class B common stock, our co-founders', directors' and officers' ownership of a majority of the Class B common stock, or the ability of our Board of Directors to issue preferred stock or additional shares of Class B common stock may prevent or discourage third parties from acquiring us, even if the acquisition would be beneficial to our shareholders. In addition, these factors may discourage third parties from bidding for our Class A common stock at a premium over the market price for our stock. These factors may also materially and adversely affect voting and other rights of the holders of our common stock and the market price of our Class A common stock.

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

In the three months ended March 31, 2010 we issued an aggregate of 1.3 million shares of Class A common stock upon conversion of a like number of shares of Class B common stock in connection with their disposition. Each share of Class B common stock is convertible at any time into one share of Class A common stock at the option of the holder. The offers and sales of those securities were effected without registration in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended, or the Securities Act.

Issuer Purchases of Equity Securities

The following table presents details of our various repurchases during the three months ended March 31, 2010:

Period	Total Number of Shares Purchased (1)	Average Price per Share (In thousands, except per share data)	Total Number of Shares Purchased as Part of Publicly Announced Plans\	Approximate Dollar Value of Shares That May yet be Purchased under the Plans
January 2010	3,104	\$ 28.41	3,104	
February 2010	200	27.41	200	
March 2010	1,872	32.21	1,872	
Total	5,176	\$ 29.75	5,176	\$ (2)

(1) We repurchased a total of 5.2 million shares of our Class A common stock at weighted average prices of \$29.75 per share in the three months ended March 31, 2010 under the program we announced in July 2008. This program to repurchase shares with an aggregate value of up to

\$1.0 billion was completed in March 2010, at which time we had repurchased 47.6 million shares of Class A common stock at a weighted average price of \$21.01 per share under the program.

- (2) In February 2010 we announced that our Board of Directors had authorized an evergreen share repurchase program intended to offset dilution associated with our stock incentive plans. The maximum number of shares of our Class A common stock that may be repurchased in any one year is equal to the total number of shares issued pursuant to our employee equity awards in the previous year and the current year. The share repurchase program does not have an expiration date

and may be suspended at any time at the discretion of the Board of Directors. The program may also be complemented with an additional share repurchase program in the future. There have been no repurchases to date under this program.

Item 3. *Defaults upon Senior Securities*

None.

Item 4. *(Removed and Reserved)*

Item 5. *Other Information*

None.

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Item 6. Exhibits

(a) *Exhibits.* The following Exhibits are attached hereto and incorporated herein by reference:

Exhibit Number	Description
10.1	Letter Agreement between the registrant and Rajiv Ramaswami dated January 8, 2010.
31	Certifications of the Chief Executive Officer and Chief Financial Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of the Chief Executive Officer and Chief Financial Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and furnished herewith pursuant to SEC Release No. 33-8238.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

Indicates
management
contract or
compensatory
plan or
arrangement.

* Pursuant to applicable securities laws and regulations, we are deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and are not subject to liability under any anti-fraud provisions of

the federal securities laws as long as we have made a good faith attempt to comply with the submission requirements and promptly amend the interactive data files after becoming aware that the interactive data files fail to comply with the submission requirements. Users of this data are advised that, pursuant to Rule 406T, these interactive data files are deemed not filed and otherwise are not subject to liability.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BROADCOM CORPORATION,
a California corporation
(Registrant)

/s/ Eric K. Brandt

Eric K. Brandt

*Executive Vice President and Chief Financial
Officer*

(Principal Financial Officer)

/s/ Robert L. Tirva

Robert L. Tirva

*Senior Vice President and Corporate Controller
and Principal Accounting Officer*

April 27, 2010

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101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

Indicates
management
contract or
compensatory
plan or
arrangement.

* Pursuant to applicable securities laws and regulations, we are deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and are not subject to liability under any anti-fraud provisions of the federal

securities laws as long as we have made a good faith attempt to comply with the submission requirements and promptly amend the interactive data files after becoming aware that the interactive data files fail to comply with the submission requirements. Users of this data are advised that, pursuant to Rule 406T, these interactive data files are deemed not filed and otherwise are not subject to liability.