UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 31, 2020

MaxLinear, Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-34666	14-1896129
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

5966 La Place Court, Suite 100, Carlsbad, California 92008
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (760) 692-0711

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value	MXL	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.01. Completion of Acquisition or Disposition of Assets.

On August 3, 2020, MaxLinear, Inc. ("MaxLinear" or the "Company") filed a Current Report on Form 8-K (the "Form 8-K") disclosing that on July 31, 2020, pursuant to the Asset Purchase Agreement (the "Asset Purchase Agreement"), dated April 5, 2020, with Intel Corporation ("Intel"), MaxLinear and certain of its designated subsidiaries completed their acquisition of Intel's Home Gateway Platform Division (the "Home Gateway Platform Division") and certain identified transferred assets of the Home Gateway Platform Division (the "Transferred Assets"). Pursuant to the Asset Purchase Agreement, Intel sold (and caused its applicable subsidiaries to sell) to MaxLinear (or to MaxLinear's applicable subsidiary designees) certain assets of the Home Gateway Platform Division and MaxLinear (or MaxLinear's applicable subsidiary designee) assumed certain liabilities associated with the Home Gateway Platform Division.

In connection with the closing of the transaction (the "Closing"), MaxLinear and certain of its designated subsidiaries paid Intel and certain of its designated subsidiaries $150 million in cash. MaxLinear funded the Closing with net proceeds from borrowings under an Incremental Amendment No. 1 (the "Incremental Term Loan Amendment"), by and among MaxLinear, Exar Corporation, a Delaware corporation and a wholly-owned subsidiary of MaxLinear, MaxLinear Communications, LLC (f/k/a Entropic Communications, LLC), a Delaware limited liability company and a wholly-owned subsidiary of MaxLinear, MUFG Union Bank, N.A. ("MUFG"), Wells Fargo Bank, N.A., Citizens Bank, N.A., and BMO Harris Bank, N.A., as lenders, MUFG Bank, Ltd., as successor administrative agent, and MUFG, as successor collateral agent. The Incremental Term Loan Amendment amended that certain Credit Agreement, dated as of May 12, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified prior to the effectiveness of the Incremental Term Loan Amendment, the "Credit Agreement"), by and among MaxLinear, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as the prior administrative agent and the prior collateral agent. The Incremental Term Loan Amendment provided for the incurrence by MaxLinear at the Closing of a secured incremental term loan in an aggregate principal amount of $175 million (the "Incremental Term Loan"). The incurrence of the Incremental Term Loan was permitted as an incremental loan under the Credit Agreement and remains subject to the terms of the Credit Agreement and to additional terms set forth in the Incremental Term Loan Amendment. The Incremental Term Loan was fully funded on the Closing Date. The proceeds of the Incremental Term Loan were used to finance the acquisition of the Home Gateway Platform Division and the Transferred Assets, and to pay fees and expenses incurred in connection therewith. Any remaining but otherwise unused proceeds from the Incremental Term Loan will be used for general corporate purposes.

This amendment to the Form 8-K, or Form 8-K/A, is being filed for the purpose of satisfying MaxLinear's undertaking to file the financial statements and pro forma condensed combined financial statements required in connection with the above-referenced acquisition by Item 9.01 of Form 8-K, and this Form 8-K/A should be read in conjunction with the Form 8-K. Except as set forth herein, no modifications have been made to information contained in the Form 8-K, and MaxLinear has not updated any information contained therein to reflect events that have occurred since the date of the Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The unaudited combined abbreviated financial statements of the Home Gateway Platform Division as of June 27, 2020 and for the six months ended June 27, 2020 and June 29, 2019, and notes related thereto, and the audited combined abbreviated financial statements of the Home Gateway Platform Division as of December 28, 2019 and December 29, 2018 and for the years then ended, the notes related thereto and the related report of independent auditors are filed as Exhibit 99.1 to this report. The consent of independent auditors is attached as Exhibit 23.1 hereto.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet as of June 30, 2020 and the unaudited pro forma condensed combined statements of operations of MaxLinear and the Home Gateway Platform Division for the six months ended June 30, 2020 and for the year ended December 31, 2019, and the notes related thereto, are filed as Exhibit 99.2 to this report.

(c) Exhibits.

Exhibit	Description
23.1	Consent of Independent Auditors
99.1	Combined abbreviated financial statements of the Home Gateway Platform Division of Intel Corporation as of June 27, 2020 (unaudited) and for the six months ended June 27, 2020 (unaudited) and June 29, 2019 (unaudited) and as of and for the years ended December 28, 2019 (audited) and December 28, 2018 (audited)
99.2	Unaudited pro forma condensed combined financial statements of MaxLinear, Inc. and the Home Gateway Platform Division of Intel Corporation as of June 30, 2020 and for the six months then ended and for the year ended December 31, 2019
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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

Date:	August 28, 2020	MAXLINEAR, INC.	
		(Registrant)	
		By:	/s/ Steven Litchfield
			Steven Litchfield
			Chief Financial Officer and Chief Corporate Strategy Officer

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-217021, 333-218022, 333-223847, 333-230606, and 333-237274) of MaxLinear, Inc. of our report dated July 28, 2020, with respect to the combined abbreviated financial statements of Home Gateway Platform Division of Intel Corporation, which comprise the Combined Statements of Assets Acquired and Liabilities Assumed as of December 28, 2019 and December 29, 2018, and the Combined Statements of Net Revenues and Direct Expenses for each of the two years then ended, and the related notes to the combined abbreviated financial statements included in this Current Report on Form 8-K/A of MaxLinear, Inc. dated on August 28, 2020.

/s/ Ernst & Young LLP

San Jose, California

August 28, 2020

Combined Statements of Net Revenues and Direct Expenses and Statements of Assets Acquired and Liabilities Assumed

Home Gateway Platform Division

For the six months ended June 27, 2020 (unaudited) and June 29, 2019 (unaudited) and the fiscal years ended December 28, 2019 (audited) and December 29, 2018 (audited), and as of June 27, 2020 (unaudited), December 28, 2019 (audited), and December 29, 2018 (audited) with Report of Independent Auditors

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Report of Independent Auditors

To the management of Intel Corporation

We have audited the accompanying combined abbreviated financial statements of Home Gateway Platform Division of Intel Corporation, which comprise the Combined Statements of Assets Acquired and Liabilities Assumed as of December 28, 2019 and December 29, 2018, and the Combined Statements of Net Revenues and Direct Expenses for each of the two years then ended, and the related notes to the combined abbreviated financial statements (collectively referred to as the “financial statements”).

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Combined Statements of Assets Acquired and Liabilities assumed of Home Gateway Platform Division at December 28, 2019 and December 29, 2018, and its Combined Statements of Net Revenues and Direct Expenses for each of the two years then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of matter

As described in Note 1, the combined abbreviated financial statements have been prepared for the purpose of complying with the rules and regulations of the U.S. Securities and Exchange Commission for inclusion in the Current Report on Form 8-K/A of MaxLinear Inc. and are not intended to be a complete presentation of the financial position or results of operations of Home Gateway Platform Division. Our opinion is not modified with respect to this matter.

/s/ Ernst & Young LLP
San Jose, California
July 28, 2020

Home Gateway Platform Division

Combined Statements of Net Revenues and Direct Expenses

(in thousands)

	For the Six Months Ended		Year Ended	
	June 27, 2020	**June 29, 2019**	**December 28, 2019**	**December 29, 2018**
	(Unaudited)			
Net revenues	$ 160,911	$ 191,576	$ 386,147	$ 440,050
Direct costs and operating expenses				
Cost of goods sold	122,083	139,630	274,835	322,513
Research and development	73,789	77,120	154,481	183,328
Selling expense	22,260	25,849	51,222	58,080
Total direct costs and operating expenses	218,132	242,599	480,538	563,921
Net revenues less direct costs and operating expenses	$ (57,221)	$ (51,023)	$ (94,391)	$ (123,871)

See accompanying notes.

Home Gateway Platform Division

Combined Statements of Assets Acquired and Liabilities Assumed

(in thousands)

	June 27, 2020	December 28, 2019	December 29, 2018
	(Unaudited)		
Assets acquired			
Inventories	$ 45,534	$ 52,783	$ 33,921
Property and equipment, net	23,360	22,703	24,616
Identified intangible assets, net	57,303	71,820	100,856
Right of use lease assets	351	783	—
Total assets acquired	126,548	148,089	159,393
Liabilities assumed			
Current accrued employee liabilities	5,456	7,826	7,968
Non-current accrued employee liabilities	4,303	4,278	4,183
Non-current employee retirement plans	3,139	3,556	4,306
Lease liabilities	351	783	—
Total liabilities assumed	13,249	16,443	16,457
Net assets acquired and liabilities assumed	$ 113,299	$ 131,646	$ 142,936

See accompanying notes.

1. Basis of Presentation

Description of the Transaction

On April 5, 2020, Intel Corporation ("Intel") entered into an Asset Purchase Agreement (the "Agreement") with MaxLinear, Inc. ("MaxLinear") to sell certain assets and liabilities of its Home Gateway Platform Division Business (the "Business") to MaxLinear for a purchase price of $150 million, (the "Transaction"). MaxLinear will be acquiring and assuming specific assets and liabilities of the business. Assets being acquired by MaxLinear include third-party manufactured inventory, specific property and equipment, certain leases identified in the Agreement, and intangible assets related to the Business. Liabilities assumed by MaxLinear include certain employee benefit-related liabilities and the liability related to leased assets. The Transaction is currently expected to close in the third quarter of 2020.

In connection with the Agreement, the two parties will enter into certain agreements, including a Transition Services Agreement ("TSA") and a Supply Agreement. Pursuant to the terms of the TSA, beginning upon the close of the Transaction, Intel will provide certain transition services to MaxLinear, including but not limited to supply chain support, procurement and sales operations support, engineering services, real estate and site services, and IT support. The transition period is expected to be approximately six months from close of the Transaction.

In connection with the Supply Agreement, MaxLinear will purchase Intel-manufactured inventory related to the Business over a period of five years, with automatic one-year renewals subject to cancellation by either party. The inventory associated with the Supply Agreement is not included in the assets being acquired by MaxLinear as part of this transaction.

Description of the Business

The Business develops semiconductors and platforms that are components of home internet access gear (gateways and routers) that enable efficient broadband access into the home and wireless connectivity within the home. The Business's primary customers are operators, original design manufacturers and original equipment manufacturers. The Business has been managed as part of Intel's Connected Home Device division, which is a part of Intel's Client Computing Group operating segment. The Business was primarily formed from Intel's acquisition of Lantiq Semiconductor, a Germany-based fabless semiconductor company, in 2015.

Abbreviated Financial Statements

The accompanying abbreviated financial statements were prepared to present the assets acquired and liabilities assumed and net revenues and direct expenses for the Business in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Combined Statements of Assets Acquired and Liabilities Assumed and Combined Statements of Net Revenues and Direct Expenses were prepared for the purpose of complying with the rules and regulations of Rule 3-05 of Regulation S-X of the U.S. Securities and Exchange Commission ("SEC") and early application of SEC Final Rule Release No. 33-10786, Amendments to Financial Disclosures About Acquired and Disposed Businesses , and are not intended to be a complete presentation of the Business' assets, liabilities, revenues and expenses.

Historically, stand-alone financial statements related to the Business have not been prepared, as Intel did not maintain separate discrete financial information for the Business. Therefore, it is not practical to provide complete financial statements. These abbreviated financial statements represent the Business subject to sale under the Agreement and were derived from the accounting records of Intel. The Combined Statements of Assets Acquired and Liabilities Assumed includes only the assets acquired and liabilities assumed in accordance with the Agreement. Whereas, the Combined Statements of Net Revenues and Direct Expenses represents revenue-generating activities of the Business, as a standalone business regardless of the activity transferring to MaxLinear or not.

The statements include certain allocations of direct expenses from Intel, such as software, infrastructure, certain compensation-related costs for employees directly supporting the Business, and certain general and administration costs, including human resources and information technology management, which are directly associated with the revenue-generating activities of the Business. Direct expenses are allocated by Intel to the Business primarily based on specific identification, relative proportion of Business costs to Intel costs, and headcount on a full-time equivalent basis. Management believes the direct expenses allocated and the methodologies used to allocate such direct expenses are reasonable and appropriate. The abbreviated financial statements do not include interest, income tax expenses and corporate overhead costs, such as executive management, risk management, accounting, tax, legal, compliance, and other general support functions, as these costs are not directly associated with the revenue-generating activities of the Business. The financial information presented herein may not be fully indicative of the results that would have been achieved if the Business operated as a separate, stand-alone entity during the periods presented. In addition, the abbreviated financial statements may not be indicative of the financial condition or results of operations of the Business going forward.

The Business' cash activities have historically been comingled with Intel's and are therefore not separately identifiable. All cash flow requirements of the Business were historically funded by Intel, and cash management functions were not performed at the Business level. The preparation of complete statements of cash flows was therefore not practicable, as the Business did not maintain a separate cash management function.

The Business' fiscal year consists of 52 or 53 weeks ending on the last Saturday closest to December 31, with quarters of 13 or 14 weeks ending on the Saturday closest to March 31, June 30, September 30, and December 31. The Business' 2019 and 2018 fiscal year is comprised of 52 weeks ended on December 28, 2019 and December 29, 2018 respectively, and the first half of fiscal 2020 and 2019 is comprised of the 26 weeks ended June 27, 2020 and June 29, 2019 respectively. Tabular references herein indicate the fiscal year-end date and quarter-end date, while narrative references note the applicable fiscal year or quarter.

Use of Estimates

The preparation of the abbreviated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the accompanying abbreviated financial statements and in the related disclosures. These estimates are based on information available as of the date of the abbreviated financial statements. While management makes its best judgment, actual amounts or results could differ from those estimates.

2. Accounting Policies

Revenue Recognition

Net revenue is recognized when performance obligations are satisfied as evidenced by the transfer of control of products or services to customers. Substantially all revenue is derived from product sales. In accordance with contract terms, revenue for product sales is recognized at the time of product shipment from the facilities or delivery to the customer location, as determined by the agreed upon shipping terms. Shipping charges billed to customers are included in net revenue, and the related shipping costs are included in cost of sales.

Revenue is measured based on the amount of consideration the Business is expected to be entitled to in exchange for products or services. Variable consideration is estimated and reflected as an adjustment to the transaction price. Variable consideration, which consists primarily of various sales price concessions, is determined by estimating the most likely amount of consideration expected to be received from the customer based on historical analysis of customer purchase volumes. Sales rebates are earned by customers based on the underlying contract terms. The impacts of distributor sales price reductions resulting from price protection agreements are also estimated based on historical analysis of such activity and are reflected as a reduction in net revenue.

Payments to customers are made through cooperative advertising programs for marketing activities for certain products. These cooperative advertising costs are recorded as a reduction of revenue.

Cost of Goods Sold

Cost of goods sold represents all fixed and variable costs associated with manufacturing, assembling, and testing products. This includes costs from assembly and test suppliers, direct and indirect labor, materials, manufacturing, indirect allocations, and excess and obsolete inventory charges.

Manufacturing start-up costs are classified as cost of goods sold once manufacturing process validation is achieved. Cost of goods sold also includes costs associated with engineering support, excess manufacturing capacity, indirect materials, royalties, and other fixed manufacturing overhead.

Cost of goods sold in the Combined Statements of Net Revenues and Direct Expenses relates to all inventory of the Business during the period; both third party-manufactured and Intel-manufactured inventory, whereas the Combined Statements of

Assets Acquired and Liabilities Assumed contains inventory balances for only the third party-manufactured inventory which is being purchased by MaxLinear.

Refer to the Inventory section for further details on cost of goods sold and inventory recognition criteria and timing.

Research and Development

Research and development ("R&D") costs are expensed as incurred. R&D costs include salaries and benefits for the design, development, testing and enhancement of the Business's technology, costs for R&D materials, including contingent worker, process design completion, R&D wafers and samples, and IP and license costs, and certain other allocated costs, such as depreciation and other facilities related R&D expenditures.

Selling Expenses

Selling expenses include items such as salaries and benefits and other personnel-related costs, maintenance and supplies, marketing and advertising costs, outside services, and depreciation expense. Such costs are expensed as incurred.

Inventory

Inventory balances include only the third party-manufactured inventory used by the Business and assumed by MaxLinear as part of the Transaction. Intel-manufactured inventory of the Business is not included in the Transaction as it is being transacted with MaxLinear through a separate Supply Agreement as discussed in Note 1.

Inventory balances for the Business include work-in-process ("WIP") and finished goods, and cost is computed on a first-in, first-out basis. WIP inventory relates to components purchased by the Business from third-party manufacturers that are used in building the Business' products. Finished goods inventory relates to the Business' products sold to customers that are built with the components purchased from the third-party manufacturers.

Inventory is valued at the lower of cost or net realizable value, based upon assumptions about future demand and market conditions. Product-specific facts and circumstances reviewed in the inventory valuation process include a review of the customer base, the stage of the product life cycle, variations in market pricing, and an assessment of selling price in relation to product cost. Lower of cost or net realizable value inventory reserves fluctuate as new process technologies are ramped up with costs improving over time due to scale and improved yields. Additionally, inventory valuation is impacted by cyclical changes in market conditions and the associated pricing environment.

The valuation of inventory also requires estimates of obsolete and excess inventory, as well as inventory that is not of salable quality. The demand forecast is used to develop short-term manufacturing plans to enable consistency between inventory valuations and build decisions. For certain new products, there is limited historical data available when developing these demand forecasts. The estimate of future demand is compared to work in process and finished goods inventory levels to determine the amount, if any, of obsolete or excess inventory. When the demand forecast for specific products is greater than actual demand and manufacturing output is not reduced accordingly, inventory is written off.

Property and Equipment

Depreciation is computed using the straight-line method over the estimated useful life of assets. The period over which it is expected that the economic value of the property and equipment will be recovered is evaluated, considering factors such as changes in machinery and equipment technology and re-use of machinery and tools across each generation of process technology. When it is determined that the useful lives of assets are shorter or longer than originally estimated, the rate of depreciation is adjusted to reflect the assets' revised useful lives.

Assets are evaluated for impairment at the lowest level of identifiable cash flows. Property and equipment is assessed for impairment when events or changes in circumstances indicate that the carrying value of the assets or the asset grouping may not be recoverable. If an asset grouping carrying value is not recoverable through the related undiscounted cash flows, the asset grouping is considered to be impaired. The impairment is measured by comparing the difference between the asset grouping carrying value and its fair value.

Leases

Whether an arrangement is a lease is determined at inception and classified as finance or operating. Leased assets and corresponding liabilities are recognized based on the present value of the lease payments over the lease term. Lease terms may include options to extend when it is reasonably certain that the option will be exercised. There are lease agreements with lease and non-lease components, and the non-lease components are accounted for separately and not included in the right-of-use lease assets and corresponding lease liabilities. Leases consist of real property.

The Business adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, Leases, ("ASC 842") for fiscal year 2019 under a modified retrospective approach. This new lease accounting standard requires that leased assets and corresponding liabilities be recognized on the balance sheet and provide enhanced disclosure of lease activity. The standard was adopted by applying the modified retrospective approach for fiscal year 2019. The leased assets and corresponding liabilities exclude non-lease components.

Within the opening balances for fiscal year 2019, leased assets and corresponding liabilities were recognized in right-of-use lease assets of $0.8 million as well as corresponding lease liabilities of $0.8 million.

Intangible Assets

Acquisition-related intangible assets that are subject to amortization are amortized over their estimated useful life. Acquisition-related in-process R&D assets represent the fair value of incomplete R&D projects that had not reached technological feasibility as of the date of acquisition; initially, these are classified as in-process R&D and are not subject to amortization. Once these R&D projects are completed, the asset balances are transferred from in-process R&D to acquisition-related developed technology and are subject to amortization from this point forward. The asset balances relating to projects that are abandoned after acquisition are impaired and expensed to R&D.

A quarterly review is performed of significant finite-lived identified intangible assets to determine whether facts and circumstances indicate that the carrying amount may not be recoverable. These reviews can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as changes in business strategy and forecasts for specific product lines.

Pensions

The costs of pension and other non-current employee retirement benefits and the related liabilities are recognized based upon actuarial valuations in accordance with U.S. GAAP. The net pension benefit liability is recognized as the excess of the projected benefit obligation over the fair value of the plan assets. In measuring the pension benefit obligation, the discount rate and long-term salary increase rate are the most significant assumptions. Pension costs primarily represent the increase in the actuarial present value of the pension benefit obligation. The most significant assumptions in determining pension costs are the discount rate, expected long-term rate of return on plan assets, and long-term salary increase rate.

Employee Equity Incentive Plans

The fair value of restricted stock unit awards to employees is estimated using the value of Intel's common stock on the date of grant, reduced by the present value of dividends expected to be paid on Intel's shares of common stock prior to vesting. The straight-line amortization method is used to recognize share-based compensation expense over the service period of the award, net of estimated forfeitures.

3. Revenue

Disaggregated net revenue for each period was as follows:

	For the Six Months Ended		Year Ended	
(In Thousands)	**June 27, 2020**	**June 29, 2019**	**December 28, 2019**	**December 29, 2018**
	(Unaudited)			
Distribution channel				
Direct-to-consumer	$ 100,003	$ 127,985	$ 242,362	$ 323,094
Distributor	60,865	63,198	143,231	116,906
	160,868	191,183	385,593	440,000
Other revenue	43	393	554	50
Total net revenues	$ 160,911	$ 191,576	$ 386,147	$ 440,050

Customers comprising greater than 10% of net revenues for each of the periods presented include:

	Year Ended	
(Percentage of total net revenues)	**December 28, 2019**	**December 29, 2018**
Customer A	11%	17%
Customer B	12%	15%
Customer C	12%	*

** Represents less than 10% of the net revenue for the period.*

Net revenue by geographic region as presented below is based on the billing location of the customer. Net revenue from unaffiliated customers for each period was as follows:

	Year Ended			
	December 28, 2019		**December 29, 2018**	
(In Thousands)	**Amount**	**%**	**Amount**	**%**
Asia Pacific (“APAC”)	$ 233,119	61 %	$ 297,441	67 %
China	74,657	19 %	65,150	15 %
Europe, Middle East, Africa (“EMEA”)	66,222	17 %	64,984	15 %
Other geographic regions	12,149	3 %	12,475	3 %
Total net revenues	$ 386,147	100 %	$ 440,050	100 %

4. Inventories

Inventories were as follows:

(In Thousands)	**June 27, 2020**	**December 28, 2019**	**December 29, 2018**
	(Unaudited)		
Work in process	$ 20,519	$ 23,571	$ 15,826
Finished goods	25,015	29,212	18,095
Total inventories	$ 45,534	$ 52,783	$ 33,921

5. Property and Equipment, Net

Property and equipment, net were as follows:

(In Thousands)	**June 27, 2020**	**December 28, 2019**	**December 29, 2018**
	(Unaudited)		
Building improvements	$ 2,639	$ 2,639	$ 2,633
Machinery and equipment	54,135	48,627	41,554
Construction in progress	295	58	—
Total property and equipment, gross	57,069	51,324	44,187
Less: accumulated depreciation	(33,709)	(28,621)	(19,571)
Total property and equipment, net	$ 23,360	$ 22,703	$ 24,616

Property and equipment, net by country at the end of each period were as follows:

(In Thousands)	December 28, 2019	December 29, 2018
Israel	$ 8,477	$ 9,578
Singapore	6,033	6,802
India	2,174	2,536
Germany	1,954	2,533
Other countries	4,065	3,167
Total property and equipment, net	$ 22,703	$ 24,616

Substantially all of the depreciable property and equipment assets are depreciated over the following estimated useful lives: machinery and equipment, 2 to 5 years, and building improvements, 9 to 15 years. Depreciation expense was $5.3 million for the first six months ended June 27, 2020, $4.5 million for the first six months ended June 29, 2019, $9.5 million for the year ended December 28, 2019, and $8.4 million for the year ended December 29, 2018.

6. Identified Intangible Assets, Net

As a result of the Lantiq Semiconductor acquisition in 2015, Intel identified and recorded intangible assets related to developed technology, customer relationship and brands. The brands intangible asset became fully amortized during 2018.

Identified intangible assets were as follows:

	June 27, 2020 (Unaudited)		
(In Thousands)	Gross Assets	Accumulated Amortization	Net
Developed technology	$ 114,100	$ (90,832)	$ 23,268
Customer relationships	94,900	(60,865)	34,035
Total identified intangible assets	$ 209,000	$ (151,697)	$ 57,303

	December 28, 2019		
(In Thousands)	Gross Assets	Accumulated Amortization	Net
Developed technology	$ 114,100	$ (82,130)	$ 31,970
Customer relationships	94,900	(55,050)	39,850
Total identified intangible assets	$ 209,000	$ (137,180)	$ 71,820

	December 29, 2018		
(In Thousands)	Gross Assets	Accumulated Amortization	Net
Developed technology	$ 114,100	$ (64,725)	$ 49,375
Customer relationships	94,900	(43,420)	51,480
Total identified intangible assets	$ 209,000	$ (108,145)	$ 100,855

Amortization expenses recorded for identified intangible assets were as follows:

(In Thousands)	Location	For the Six Months Ended June 27, 2020	For the Six Months Ended June 29, 2019	Year Ended December 28, 2019	Year Ended December 29, 2018
		(Unaudited)			
Developed technology	Cost of sales	$ 8,702	$ 8,702	$ 17,405	$ 17,589
Customer relationships	Selling expenses	5,815	5,815	11,630	11,630
Brands	Selling expenses	—	—	—	421
Total amortization expenses		$ 14,517	$ 14,517	$ 29,035	$ 29,640

7. Accrued Employee Liabilities

Accrued employee liabilities were as follows:

(In Thousands)	June 27, 2020	December 28, 2019	December 29, 2018
	(Unaudited)		
Current portion:			
Accrued bonus	$ 2,888	$ 5,153	$ 5,170
Accrued vacation	2,568	2,673	2,798
Total current accrued employee liabilities	5,456	7,826	7,968
Non-current portion:			
Non-current employee liabilities	4,303	4,278	4,183
Total accrued employee liabilities	$ 9,759	$ 12,104	$ 12,151

The non-current employee liabilities relate to employee benefits plans, such as, service awards required under Austria labor laws, disability, life insurance and other.

Share-Based Compensation

The Intel Corporation 2006 Equity Incentive Plan (“2006 Plan”) provides for the grant of restricted stock units (“RSUs”) to eligible full-time and part-time employees of the business. The RSUs contain only a service condition. The RSUs granted prior to 2019 generally vest over the course of four years from the grant date. The 2006 Employee Stock Purchase Plan (“2006 ESPP”) allows eligible employees to purchase shares of Intel common stock at 85% of the value of Intel common stock on specific dates.

Share-based compensation for RSU and 2006 ESPP recognized for the first six months ended June 27, 2020 and June 29, 2019 was $8.3 million and $7.5 million, respectively. Share-based compensation was $15.4 million for the year ended December 28, 2019, and $11.6 million for the year ended December 29, 2018.

As of December 28, 2019, unrecognized compensation costs related to RSUs granted under the 2006 Plan was $20.0 million with a weighted average remaining period of 1.2 years.

Upon the close of the Transaction, all 2006 ESPP and RSUs will be cancelled and new awards are anticipated to be issued by MaxLinear.

8. Non-Current Employee Retirement Plans

The Business has defined contribution and benefit retirement plans which are required under local laws in Germany. The plans include an individual pension plan ("IPP+") and a deferred compensation plan ("DC"), collectively "German Plans". IPP+ is provided to all employees and its benefit is determined by a pension formula based on pensionable earnings. DC allows eligible employees to withhold a portion of a pay until retirement. For the German Plans, the buyer is obligated under German law to continue the existing benefits to the transferring employees.

In addition to the German Plans, the Business has other defined contribution plans required under local laws in Austria and Singapore. These are defined contribution retirement plans where both employee and employer contributed to retirement funds. For these plans, the buyer is obligated under local laws to continue the existing benefits to the transferring employees.

The retirement benefit costs included in the Statements of Net Revenue and Direct Expenses includes related costs for all employees in geographic locations related to the Business, while the transfer of assets and liabilities only include the German plans as those are the employee liabilities being assumed by MaxLinear. Total net periodic benefit pension costs were $1.9 million for year ended December 28, 2019 and $1.5 million for the year ended December 29, 2018 for the German plans. This is based upon an allocation of employees dedicated to the Business to the total employees at Intel for each period. Net periodic pension cost associated with all benefit plans is recorded within Research and development and Selling expenses in the accompanying Combined Statements of Net Revenues and Direct Expenses.

The Combined Statements of Assets Acquired and Liabilities Assumed includes the total defined contribution pension and other benefit plans liability based on the benefits relative to the German employees who are transferring as part of the Business. The plan assets will be replicated by MaxLinear for those employees who will transfer upon close. Intel will retain the plan assets for those active and inactive employees who remain with Intel. The plan assets in the IPP+ and DC plan are held in a contractual trust arrangement. The investment strategy for IPP+ is liability-driven to minimize the risk of subsequent payments. The DC plan assets are invested in a conservative multi asset fund. The investment strategy is to generate moderate returns while staying within the annual risk budget. MaxLinear will replicate and manage a portion of the plan assets representative of those employees who are transferring.

Fair value of plan assets, projected benefit obligation, net unfunded status, and weighted average discount rates at the end of each period were as follows:

(In Thousands)	**December 28, 2019**	**December 29, 2018**
Fair value of plan assets	$ 5,394	$ 4,413
Projected benefit obligation	9,059	8,576
Net unfunded status	3,665	4,163
Weighted average discount rate	1.1 %	1.7 %

9. Commitment and Contingencies

Concurrent with the close of the Transaction, Intel and MaxLinear will enter into several agreements, such as third party-manufactured inventory side letter, transition services agreement ("TSA") and Intel-manufactured inventory supply agreement.

Transition Services Agreement

Intel will provide certain transition services to MaxLinear for approximately six months based on market pricing; services include but are not limited to sublease arrangements and inventory fulfillment processing for third party and Intel-manufactured inventory, on behalf of MaxLinear. Physical transfer of third party-manufactured inventory will be delayed during such transition period as outlined in the side letter and TSA, however the Business's third party-manufactured inventory process will be controlled and directed by MaxLinear. Refer to third-party manufactured inventory in Note 4: Inventories.

Supply Agreement

MaxLinear will purchase Intel-manufactured inventory related to the Business over a period of five years.

Sublease Agreements

Concurrent with the close of the Transaction, Intel will enter into agreements to sublease certain office facilities to MaxLinear in Austria and Germany. The subleases follow the same terms and conditions as the original lease agreements entered into by Intel and the landlord.

Restructuring Costs

Intel will reimburse MaxLinear for costs related to the subsequent termination of certain employees transferred to MaxLinear in the Transaction.

10. Subsequent Events

Subsequent events were evaluated through July 28, 2020, the date the abbreviated financial statements were available to be issued, and no events were identified for disclosure.

Exhibit 99.2

MaxLinear, Inc. and WiFi and Broadband Assets Business
Unaudited Pro Forma Condensed Combined Financial Statements

Unaudited Condensed Pro Forma Financial Information

On July 31, 2020, MaxLinear, Inc. and certain of its designated subsidiaries (collectively, “MaxLinear” or “the Company”) completed their acquisition of the Home Gateway Platform Division, which the Company refers to as the WiFi and Broadband assets business pursuant to an Asset Purchase Agreement (the “Purchase Agreement”) with Intel Corporation (“Intel”), dated April 5, 2020, and related agreements. MaxLinear paid cash consideration of $150.0 million for the purchase of certain assets of the WiFi and Broadband assets business, and assumed certain liabilities related to specified employment matters. The transaction was funded with a portion of the proceeds from a secured incremental term loan with an aggregate principal amount of $175.0 million described in more detail below. For this acquisition, the acquired assets and assumed liabilities, together with certain rehired employees, represent a business as defined in the Financial Accounting Standards Board's (“FASB”) Accounting Standards Codification (“ASC”) 805, *Business Combinations.*

Pursuant to the Purchase Agreement, Intel has retained, and will be obligated to indemnify MaxLinear for, certain liabilities, including but not limited to those relating to the WiFi and Broadband assets business for pre-closing taxes and specified employment matters, and MaxLinear has assumed, and will indemnify Intel for, certain liabilities, including but not limited to those relating to the WiFi and Broadband assets business and identified transferred assets for certain pre-closing and post-closing actions, events and periods (including certain product-related liabilities for products sold prior to the Closing for up to a $25.0 million cap), and specified employment matters.

On July 31, 2020, MaxLinear entered into an Incremental Amendment No. 1 (the “Incremental Term Loan Amendment”), by and among MaxLinear, Exar Corporation, a Delaware corporation and a wholly-owned subsidiary of MaxLinear, MaxLinear Communications, LLC (f/k/a Entropic Communications, LLC), a Delaware limited liability company and a wholly-owned subsidiary of MaxLinear, MUFG Union Bank, N.A. (“MUFG”), Wells Fargo Bank, N.A., Citizens Bank, N.A., and BMO Harris Bank, N.A., as lenders, MUFG Bank, Ltd., as successor administrative agent, and MUFG, as successor collateral agent. The Incremental Term Loan Amendment amends that certain Credit Agreement, dated as of May 12, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified prior to the effectiveness of the Incremental Term Loan Amendment, the “Credit Agreement”), by and among MaxLinear, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as the prior administrative agent and the prior collateral agent.

The Incremental Term Loan Amendment provides for the incurrence by MaxLinear of a secured incremental term loan in an aggregate principal amount of $175.0 million (the “Incremental Term Loan”). The incurrence of the Incremental Term Loan is permitted as an incremental loan under the Credit Agreement and is subject to the terms of the Credit Agreement and to additional terms set forth in the Incremental Term Loan Amendment. The Incremental Term Loan was fully funded on the Closing Date and matures on July 31, 2023 (the “Maturity Date”).

The proceeds of the Incremental Term Loan were used to finance the acquisition of the WiFi and Broadband assets business, and to pay fees and expenses incurred in connection therewith. Any remaining but otherwise unused proceeds from the Incremental Term Loan will be used for general corporate purposes.

MaxLinear is filing the following unaudited pro forma condensed combined financial statements of MaxLinear and the WiFi and Broadband assets business pursuant to certain requirements of Article 11 of the U.S. Securities and Exchange Commission (“SEC”) Regulation S-X, as required to be filed pursuant to Item 9.01 of Form 8-K, with early application of SEC Final Rule Release No. 33-10786, *Amendments to Financial Disclosures About Acquired and Disposed Businesses*. The proforma condensed combined financial statements as of and for the six months ended June 30, 2020 are based on the historical unaudited consolidated financial statements of MaxLinear as of and for the six months ended June 30, 2020 included in MaxLinear's Quarterly Report on Form 10-Q filed by MaxLinear with the SEC on July 23, 2020, or the Quarterly Report, and the unaudited combined abbreviated financial statements of the WiFi and Broadband assets business as of and for the six months ended June 27, 2020, as filed as Exhibit 99.1 to this Amendment to the Current Report on Form 8-K, or Form 8-K/A, after giving effect to MaxLinear's acquisition of certain operational assets and assumption of certain liabilities relating to the WiFi and Broadband assets business. The proforma combined financial statements for the year ended December 31, 2019 are based on the historical audited consolidated financial statements of MaxLinear as of and for the year ended December 31, 2019 included in MaxLinear's Annual Report on Form 10-K filed by MaxLinear with the Securities and Exchange Commission, or the SEC, on February 5, 2020, or the Annual Report, and the audited combined abbreviated financial statements of the WiFi and Broadband assets business as of and for the year ended December 28, 2019, as filed as Exhibit 99.1 to this Form 8-K/A, after giving effect to MaxLinear's acquisition of certain operational assets and assumption of certain liabilities relating to the WiFi and Broadband assets business. The proforma combined financial statements include the assumptions and adjustments as described in the accompanying notes hereto.

The unaudited pro forma condensed combined balance sheet as of June 30, 2020 is presented as if the acquisition of the WiFi and Broadband assets business had occurred on June 30, 2020. The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2020 and year ended December 31, 2019 gives effect to the acquisition as if it had occurred on January 1, 2019. The unaudited pro forma condensed combined consolidated financial statements are not intended to represent or be indicative of the financial position or results of operations of the combined entity that would have been reported if the acquisition had been consummated on June 30, 2020, or on January 1, 2019. In addition, the unaudited pro forma condensed combined consolidated financial statements do not purport to project the financial position or results of operations of the consolidated company as of and for the fiscal year ending December 31, 2020, or of any other future periods.

The unaudited pro forma condensed combined consolidated balance sheet has been prepared using the acquisition method of accounting. The estimated fair values of the acquired assets and assumed liabilities as of the date of acquisition, which are based on estimates and assumptions of MaxLinear, the consideration paid and the entries to record the direct transaction costs incurred are reflected therein. As explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial statements, the total purchase price of approximately $150.0 million to acquire the WiFi and Broadband assets business has been allocated to the assets acquired and assumed liabilities of the WiFi and Broadband assets business based upon preliminary estimated fair values at the date of acquisition as if the acquisition had occurred on June 30, 2020. Management prepared the purchase price allocation and in doing so considered or relied in part upon a report of a third party valuation expert to calculate the fair value of certain acquired assets. MaxLinear is continuing to finalize the valuations of these net assets. The fair value allocation consists of preliminary estimates and analyses and is subject to change upon the finalization of the appraisals and other valuation analyses, which are expected to be completed within one year from the date of acquisition. Although the final determination may result in asset and liability fair values that are different than the preliminary estimates of these amounts included herein, it is not expected that those differences will be material to an understanding of the impact of this transaction on the consolidated financial position and results of operations of MaxLinear.

The unaudited pro forma condensed combined financial statements of MaxLinear and the WiFi and Broadband assets business should be read in conjunction with the Current Report on Form 8-K filed on August 3, 2020, the historical unaudited consolidated financial statements and accompanying notes thereto of MaxLinear contained in its Quarterly Report, the historical audited consolidated financial statements and accompanying notes thereto of MaxLinear contained in its Annual Report, the combined abbreviated financial statements for the WiFi and Broadband assets business as of and for the six months ended June 27, 2020 (unaudited) and as of and for the year ended December 28, 2019 (audited), included as Exhibit 99.1 to this Form 8-K/A.

MaxLinear, Inc. and WiFi and Broadband Assets Business
Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2020
(in thousands)

	MaxLinear, Inc. Historical	WiFi and Broadband Assets Business Historical	Transaction Adjustments	Note 4	Pro Forma Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 107,362	$ —	$ 15,869	*(a)(h)*	$ 123,231
Short-term restricted cash	9	—	—		9
Accounts receivable, net	41,434	—	—		41,434
Inventory	34,284	45,534	48,104	*(b)*	127,922
Prepaid expenses and other current assets	7,489	—	—		7,489
Total current assets	190,578	45,534	63,973		300,085
Long-term restricted cash	58	—	—		58
Property and equipment, net	18,059	23,360	(5,505)	*(c)*	35,914
Leased right-of-use assets	8,942	351	(351)	*(d)*	8,942
Intangible assets	159,441	57,303	(30,303)	*(e)*	186,441
Goodwill	238,330	—	24,405	*(f)*	262,735
Deferred tax assets	76,371	—	—		76,371
Other long-term assets	1,281	—	—		1,281
Total assets	$ 693,060	$ 126,548	$ 52,219		$ 871,827
Liabilities and stockholders' equity					
Current liabilities:					
Accounts payable	$ 17,832	$ —	$ —		$ 17,832
Deferred revenue and deferred profit	—	—	—		—
Accrued price protection liability	5,902	—	—		5,902
Accrued expenses and other current liabilities	31,685	—	—		31,685
Accrued compensation	14,545	5,456	—		20,001
Debt, current portion	—	—	5,592	*(g)*	5,592
Total current liabilities	69,964	5,456	5,592		81,012
Long-term lease liabilities	6,833	351	(351)	*(d)*	6,833
Long-term debt	207,486	—	166,712	*(g)*	374,198
Other long-term liabilities	6,802	7,442	—		14,244
Stockholders' equity	401,975	—	(6,435)	*(h)*	395,540
Total liabilities and stockholders' equity	$ 693,060	$ 13,249	$ 165,518		$ 871,827

See accompanying notes to unaudited pro forma condensed combined financial statements.

MaxLinear, Inc. and WiFi and Broadband Assets Business
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Six Months Ended June 30, 2020
(in thousands, except per share data)

	MaxLinear, Inc. Historical	WiFi and Broadband Assets Business Historical	Transaction Adjustments	Note 4	Pro Forma Combined
Net revenue	$ 127,247	$ 160,911	$ —		$ 288,158
Cost of net revenue	63,742	122,083	(7,123)	*(i)*	178,702
Gross profit	63,505	38,828	7,123		109,456
Operating expenses:					
Research and development	53,673	73,789	(2,841)	*(i)(j)*	124,621
Selling, general and administrative	52,102	22,260	(10,852)	*(i)(j)(k)*	63,510
Impairment losses	86	—	—		86
Restructuring	553	—	—		553
Total operating expenses	106,414	96,049	(13,693)		188,770
Loss from operations	(42,909)	(57,221)	20,816		(79,314)
Interest income	256	—	—		256
Interest expense	(4,659)	—	(4,225)	*(l)*	(8,884)
Other income (expense), net	99	—	—		99
Total interest and other income (expense), net	(4,304)	—	(4,225)		(8,529)
Loss before income taxes	(47,213)	(57,221)	16,591		(87,843)
Income tax benefit	(9,937)	—	49	*(m)*	(9,888)
Net loss	$ (37,276)	$ (57,221)	$ 16,542		$ (77,955)
Net loss per share:					
Basic	$ (0.51)				$ (1.08)
Diluted	$ (0.51)				$ (1.08)
Shares used to compute net loss per share:					
Basic	72,389				72,389
Diluted	72,389				72,389

See accompanying notes to unaudited pro forma condensed combined financial statements.

MaxLinear, Inc. and WiFi and Broadband Assets Business
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2019
(in thousands, except per share data)

	MaxLinear, Inc. Historical	WiFi and Broadband Assets Business Historical	Transaction Adjustments	Note 4	Pro Forma Combined
Net revenue	$ 317,180	$ 386,147	$ —		$ 703,327
Cost of net revenue	149,495	274,835	33,856	*(i)*	458,186
Gross profit	167,685	111,312	(33,856)		245,141
Operating expenses:					
Research and development	98,344	154,481	(2,724)	*(i)(j)*	250,101
Selling, general and administrative	88,762	51,222	1,502	*(h)(i)(j)(k)*	141,486
Restructuring	2,636	—	—		2,636
Total operating expenses	189,742	205,703	(1,222)		394,223
Loss from operations	(22,057)	(94,391)	(32,634)		(149,082)
Interest income	775	—	—		775
Interest expense	(11,133)	—	(8,714)	*(l)*	(19,847)
Other income (expense), net	(69)	—	—		(69)
Total interest and other income (expense), net	(10,427)	—	(8,714)		(19,141)
Loss before income taxes	(32,484)	(94,391)	(41,348)		(168,223)
Income tax benefit	(12,586)	—	3,717	*(m)*	(8,869)
Net loss	$ (19,898)	$ (94,391)	$ (45,065)		$ (159,354)
Net loss per share:					
Basic	$ (0.28)				$ (2.24)
Diluted	$ (0.28)				$ (2.24)
Shares used to compute net loss per share:					
Basic	71,005				71,005
Diluted	71,005				71,005

See accompanying notes to unaudited pro forma condensed combined financial statements.

1. Description of Transaction

On July 31, 2020, MaxLinear, Inc. and certain of its designated subsidiaries (collectively, "MaxLinear" or "the Company") completed their acquisition of the Home Gateway Platform Division, which the Company refers to as the WiFi and Broadband assets business, pursuant to an Asset Purchase Agreement (the "Purchase Agreement") with Intel Corporation ("Intel"), dated April 5, 2020, and related agreements. MaxLinear paid cash consideration of $150.0 million for the purchase of certain assets of the WiFi and Broadband assets business, and assumed certain liabilities related to specified employment matters. The transaction was funded with a portion of net proceeds from a secured incremental term loan with aggregate principal amount of $175.0 million.

The acquired assets and assumed liabilities, together with certain rehired employees, represent a business as defined in ASC Topic 805,*Business Combinations*.

MaxLinear is integrating the acquired assets and rehired employees into MaxLinear's existing business. The asset purchase agreement also contains customary representations, warranties and covenants, including indemnification provisions set forth therein. In connection with the transaction, MaxLinear and Intel have entered into as of the closing certain other ancillary agreements, including (i) an intellectual property matters agreement, pursuant to which Intel will grant to MaxLinear a license to certain intellectual property rights for use by MaxLinear in connection with the acquired assets and MaxLinear will grant back to Intel a license to the intellectual property rights in the acquired assets, (ii) a supply agreement, pursuant to which Intel will manufacture and fabricate certain products for MaxLinear that are part of the acquired assets, (iii) an ethernet network controller services agreement, pursuant to which MaxLinear will provide Intel with certain development services with respect to certain Intel ethernet network controller products, (iv) a transition services agreement, pursuant to which Intel will provide certain services on a transitional basis for up to a 12-month period after the closing, the scope of which includes services relating to real estate and facilities, information technology, and supply chain, procurement, sales operations, and engineering support, and (v) a side letter regarding the delayed transfer of certain inventory.

2. Basis of Presentation

The unaudited pro forma condensed combined financial statements included herein was prepared in accordance with SEC Regulation S-X Article 11 and are based on the historical consolidated financial statements of MaxLinear, the combined abbreviated financial statements derived from the accounting records of the WiFi and Broadband assets business, adjusted using the acquisition method of accounting. Historically, the WiFi and Broadband assets business did not maintain certain distinct and separate accounts from other products at Intel. Consequently, full separate financial statements did not exist. The abbreviated financial statements of the WiFi and Broadband assets business were prepared solely for the purpose of complying with the requirements of Rule 3-05 of SEC Regulation S-X, with early application of SEC Final Rule Release No. 33-10786, *Amendments to Financial Disclosures About Acquired and Disposed Businesses*. The combined abbreviated financial statements include statements of net revenues and direct expenses, which reflect only revenues, costs, and operating expenses directly attributed to products included in the WiFi and Broadband assets business and exclude corporate overhead, interest expense and income taxes. MaxLinear is not currently aware of any significant accounting policy differences between MaxLinear and the WiFi and Broadband assets business, but if any further information becomes available, such policy differences may be identified and could result in significant differences from the unaudited pro forma condensed combined financial statements.

The acquisition method of accounting requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. Financial statements of MaxLinear issued after completion of the acquisition of the WiFi and Broadband assets business will reflect such fair values, measured as of the acquisition date, which may be different than the estimated fair values included in these unaudited pro forma condensed combined financial statements as if the acquisition had occurred on January 1, 2019. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers unrelated to MaxLinear in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, MaxLinear may be required to record assets which are not intended to be used or sold and/or to value assets at fair value measures that do not reflect MaxLinear's intended use of those assets. Many of these fair value measurements can be highly subjective and it is also possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Acquisition-related transaction costs (such as advisory, legal, valuation and other professional fees) are not included as a component of acquisition consideration. Such costs are expensed in the periods incurred. MaxLinear expects to incur total acquisition-related transaction costs related to the WiFi and Broadband assets business of approximately $11.8 million, including amounts incurred and paid prior to this filing.

3. Preliminary Purchase Price Allocation

The following is an allocation of purchase price as of the July 31, 2020 acquisition closing date based upon a preliminary estimate of the fair value of the assets acquired and the liabilities assumed by MaxLinear in the acquisition (in thousands):

Description		Amount
Fair value of consideration transferred:		
Cash	$	150,000
Preliminary purchase price allocation:		
Inventory	$	93,200
Property, plant and equipment		20,442
Identifiable intangible assets		27,000
Accrued compensation		(5,118)
Other long-term liabilities		(9,596)
Identifiable net assets acquired		125,928
Goodwill		24,072
Total purchase price	$	150,000

The estimated fair value of assets acquired and liabilities assumed performed for the purposes of these unaudited pro forma combined financial statements was primarily limited to the preliminary identification and valuation of intangible assets (Note 5) and inventory by independent valuation specialists. Estimates of fair value require management to make significant estimates and assumptions which are preliminary and subject to change upon finalization of the valuation analysis. Although final determination may result in different asset and liability fair values, it is not expected that such differences will be material to understanding the impact of the transaction on the financial results of MaxLinear. The goodwill recognized is attributable primarily to the acquired workforce, expected synergies, and other benefits that MaxLinear believes will result from integrating the operations of the WiFi and Broadband assets business with the operations of MaxLinear.

4. Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet and Statements of Operations

The following is a summary of adjustments included in the pro forma condensed combined financial statements:

(a) To record an increase of $15.9 million in MaxLinear's cash, primarily as a result of net debt proceeds of approximately $172.3 million, less cash consideration paid to Intel of $150.0 million and the estimated remaining transaction costs of approximately $6.4 million as described in *(h)* below.

(b) To record the preliminary purchase accounting adjustments related to assigning a fair value to the acquired inventory, which included, among other things, an adjustment to inventory, commonly referred to as "stepped-up value," of approximately $48.1 million, representing the estimated profit margin in acquired inventory.

(c) To record the preliminary purchase accounting step-down adjustment of $5.5 million related to assigning a fair value to acquired property and equipment.

(d) To remove the WiFi and Broadband assets business's leased right-of-use assets and lease liabilities under MaxLinear's short-term lease policy election to not record on its balance sheet such leases with remaining terms of less than 12 months under ASC 842, *Leases*.

(e) To record the preliminary fair value step-down adjustment of $30.3 million for acquired intangibles.

(f) To record the preliminary fair value of goodwill resulting from the excess of consideration paid over the valuation of the net assets acquired as if the acquisition occurred as of June 30, 2020. The amount of goodwill ultimately recognized in purchase price accounting as of the July 31, 2020 acquisition closing date differs from amount shown here due to changes in certain current asset and liability balances. Goodwill resulting from the acquisition is not amortized, and will be assessed for impairment at least annually.

(g) To record net proceeds of $172.3 million from the $175.0 million acquisition-related incremental term loan facility, net of debt issuance costs of $1.8 million and discount of $0.9 million.

(h) To reflect estimated remaining costs related directly to the acquisition transaction of approximately $6.4 million, including estimated investment banking, legal and accounting fees, and other external costs.

(i) To remove historical depreciation and amortization of the WiFi and Broadband assets business and record additional depreciation and amortization expense related to the fair value of inventory, property and equipment, and intangible assets resulting from a step-up or step-down from book value to fair value as if the acquisition of the WiFi and Broadband assets business occurred on January 1, 2019, based on preliminary estimates of the fair values of such assets and their useful lives. In the unaudited proforma condensed combined statements of operations, cost of net revenue has been adjusted to reflect a net decrease in amortization expense of $7.1 million and an increase in amortization expense of $33.9 million for the six months ended June 30, 2020 and year ended December 31, 2019, respectively. Research and development expense has been adjusted to reflect a net decrease in depreciation expense of $1.3 million and $0.02 million for the six months ended June 30, 2020 and year ended December 31, 2019, respectively. Selling, general and administrative expense has been adjusted to reflect a net decrease in amortization expense of $5.2 million and $10.2 million for the six months ended June 30, 2020 and year ended December 31, 2019, respectively.

(j) To remove historical foreign currency hedge related expense of the WiFi and Broadband assets business, as MaxLinear does not presently engage in such hedging activities, other than an interest rate swap on its existing term loan. In the unaudited proforma condensed combined statements of operations, research and development expense has been adjusted to reflect a decrease in hedge expense of $1.5 million and $2.7 million for the six months ended June 30, 2020 and year ended December 31, 2019, respectively. Selling, general and administrative expense has been adjusted to reflect a decrease in hedge-related expense of $0.3 million and $0.1 million for the six months ended June 30, 2020 and year ended December 31, 2019, respectively.

(k) To remove aggregate transaction costs of approximately $5.4 million related to the acquisition of the WiFi and Broadband assets business included in MaxLinear's historical statement of operations for the six months ended June 30, 2020 and reflect such costs in selling, general, and administrative expenses in the unaudited proforma condensed combined statement of operations for the year ended December 31, 2019.

(l) To record estimated interest expense on the secured incremental term loan and amortization of related debt issuance costs and debt discount.

(m) To record estimated income taxes for the six months ended June 30, 2020 and the year ended December 31, 2019 based on the statutory tax rates in the jurisdictions in which the acquired business operates.

The proforma adjustments for the year ended December 31, 2019 include the impact of items with a nonrecurring effect on the proforma condensed combined statements of operations, such as estimated total transaction costs of $11.8 million, as well as the amortization of inventory step-up of $48.1 million and amortization of intangible assets related to product backlog of $0.3 million; the related assets have useful lives of less than 12 months.

5. Significant Accounting Policies

Inventory

Acquired inventory consists principally of work in process and finished goods and is stated at fair market value upon acquisition.

Property and Equipment, Net

Acquired property and equipment consists principally of machinery and equipment and computer hardware and is stated at fair market value upon acquisition.

Intangible Assets

Identifiable intangible assets acquired include both finite-lived intangible assets and in-process research and development, or IPR&D. The fair value of intangible assets is based on management's preliminary valuation as of the acquisition date. Estimated useful lives (where relevant for the purposes of these unaudited proforma condensed combined financial statements) are based on the time periods during which the intangibles are expected to result in substantial incremental cash flows. Such estimates are preliminary and subject to change.

The following is a summary of identifiable intangible assets acquired and the related expected lives for the finite-lived intangible assets (in thousands):

Category	Estimated Life in Years		Fair Value
Finite-lived intangible assets:			
Developed technology	7	$	22,100
Customer-related intangible	2		2,300
Product backlog	0.58		300
			24,700
Indefinite-lived intangible assets:			
IPR&D	N/A		2,300
Total identifiable intangible assets acquired		$	27,000

The preliminary fair value of finite-lived intangible assets and in-process research and development, or IPR&D, of approximately $27.0 million was determined using the income approach. Under the income approach, an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. Indications of value are developed by discounting future net cash flows to their present value at market-based rates of return. More specifically, the fair value of the developed technology, IPR&D and backlog assets was determined using the multi-period excess earnings method, or MPEEM. MPEEM is an income approach to fair value measurement attributable to a specific intangible asset being valued from the asset grouping's overall cash-flow stream. MPEEM isolates the expected future discounted cash-flow stream to its net present value. Significant factors considered in the calculation of the developed technology and IPR&D intangible assets were 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. Developed technology will begin amortization immediately. The fair value of in-process research and development was capitalized as of the acquisition date and is subsequently accounted for as an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. Accordingly, during the development period after the completion of the acquisition, these assets will not be amortized into earnings; instead, these assets will be subject to periodic impairment testing. IPR&D will begin amortization upon the completion of each project. If any of the projects are abandoned, MaxLinear will be required to record impairment of the related intangible asset.

The table below details MaxLinear's estimated amortization expense for the next five fiscal years and thereafter of the finite-lived intangible assets of the WiFi and Broadband assets business acquired by MaxLinear (as if the acquisition of the WiFi and Broadband assets business had occurred on June 30, 2020) (in thousands):

Year ended December 31,	**Amount**
2020 (6 months)	$ 2,411
2021	4,350
2022	3,732
2023	3,157
2024	3,157
Thereafter	7,893
	$ 24,700

6. Commitments and Contingencies

The Business has been and may continue to be subject to claims that arise from time to time in the ordinary course of business, including those involving product liability, intellectual property, commercial, employment, and antitrust matters.

MaxLinear is not responsible for any obligations of the WiFi and Broadband assets business incurred by Intel prior to July 31, 2020, other than the assumed liabilities which involve specified employment matters. The liabilities assumed are based on management's estimates. Actual amounts paid or to be paid could differ from these estimates.