

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 June 30, 2015
OR

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

For the Transition Period From _____ to _____
Commission file number: 001-34666

MaxLinear, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

14-1896129
(I.R.S. Employer
Identification No.)

92008
(Zip Code)

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) 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 July 31, 2015, the registrant has 53,356,827 shares of Class A common stock, par value \$0.0001, and 6,882,879 shares of Class B common stock, par value \$0.0001, outstanding.

MAXLINEAR, INC.
QUARTERLY REPORT ON FORM 10-Q

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MAXLINEAR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except par amounts)

	June 30, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 56,731	\$ 20,696
Short-term investments, available-for-sale	16,638	48,399
Accounts receivable, net	41,561	18,523
Inventory	38,822	10,858
Prepaid expenses and other current assets	5,297	2,438
Total current assets	159,049	100,914
Property and equipment, net	23,123	12,441
Long-term investments, available-for-sale	8,706	10,256
Intangible assets, net	93,377	10,386
Goodwill	48,888	1,201
Other long-term assets	6,158	513
Total assets	\$ 339,301	\$ 135,711
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 20,784	\$ 7,509
Deferred revenue and deferred profit	4,135	3,612
Accrued price protection liability	15,779	10,018
Accrued expenses and other current liabilities	24,681	5,548
Accrued compensation	8,857	6,559
Total current liabilities	74,236	33,246
Other long-term liabilities	10,723	3,363
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 25,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.0001 par value; 550,000 shares authorized, no shares issued or outstanding	—	—
Class A common stock, \$0.0001 par value; 500,000 shares authorized, 53,270 and 30,927 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	5	3
Class B common stock, \$0.0001 par value; 500,000 shares authorized, 6,883 and 6,984 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital	368,507	177,912
Accumulated other comprehensive income (loss)	88	(25)
Accumulated deficit	(114,259)	(78,789)
Total stockholders' equity	254,342	99,102
Total liabilities and stockholders' equity	\$ 339,301	\$ 135,711

See accompanying notes.

MAXLINEAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net revenue	\$ 70,824	\$ 35,592	\$ 106,220	\$ 68,093
Cost of net revenue	43,882	13,346	57,607	25,794
Gross profit	26,942	22,246	48,613	42,299
Operating expenses:				
Research and development	23,993	13,892	39,274	26,987
Selling, general and administrative	23,620	8,688	34,564	16,449
Restructuring charges	11,389	—	11,389	—
Total operating expenses	59,002	22,580	85,227	43,436
Loss from operations	(32,060)	(334)	(36,614)	(1,137)
Interest income	51	60	121	121
Other expense, net	(22)	(18)	(56)	(30)
Loss before income taxes	(32,031)	(292)	(36,549)	(1,046)
Provision for (benefit from) income taxes	(1,384)	320	(1,180)	428
Net loss	\$ (30,647)	\$ (612)	\$ (35,369)	\$ (1,474)
Net loss per share:				
Basic	\$ (0.58)	\$ (0.02)	\$ (0.78)	\$ (0.04)
Diluted	\$ (0.58)	\$ (0.02)	\$ (0.78)	\$ (0.04)
Shares used to compute net loss per share:				
Basic	52,586	36,093	45,367	35,733
Diluted	52,586	36,093	45,367	35,733

See accompanying notes.

MAXLINEAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net loss	\$ (30,647)	\$ (612)	\$ (35,369)	\$ (1,474)
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on investments, net of tax of \$0 and \$0 for the three and six months ended June 30, 2015 and 2014, respectively	(2)	(3)	33	(4)
Foreign currency translation adjustments, net of tax of \$0 and \$0 for the three and six months ended June 30, 2015 and 2014, respectively	68	1	80	—
Other comprehensive income (loss)	66	(2)	113	(4)
Total comprehensive loss	\$ (30,581)	\$ (614)	\$ (35,256)	\$ (1,478)

See accompanying notes.

MAXLINEAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30,	
	2015	2014
Operating Activities		
Net loss	\$ (35,369)	\$ (1,474)
Adjustments to reconcile net loss to cash provided by operating activities:		
Amortization and depreciation	13,866	2,205
Amortization of investment premiums, net	204	410
Amortization of inventory step-up	13,286	—
Stock-based compensation	10,020	7,078
Deferred income taxes	(1,960)	11
Impairment of lease	5,593	—
Changes in operating assets and liabilities:		
Accounts receivable	6,176	(630)
Inventory	(11,650)	269
Prepaid and other assets	3,384	(342)
Accounts payable, accrued expenses and other current liabilities	302	1,152
Accrued compensation	1,503	2,209
Deferred revenue and deferred profit	523	(22)
Accrued price protection liability	2,275	495
Other long-term liabilities	249	280
Net cash provided by operating activities	8,402	11,641
Investing Activities		
Purchases of property and equipment	(1,460)	(4,641)
Cash used in acquisition, net of cash acquired	(3,615)	—
Purchases of available-for-sale securities	(19,968)	(29,764)
Maturities of available-for-sale securities	53,108	28,995
Net cash provided by (used in) investing activities	28,065	(5,410)
Financing Activities		
Repurchases of common stock	(101)	—
Net proceeds from issuance of common stock	3,455	1,559
Minimum tax withholding paid on behalf of employees for restricted stock units	(3,161)	(2,988)
Equity issuance costs	(705)	—
Net cash used in financing activities	(512)	(1,429)
Effect of exchange rate changes on cash and cash equivalents	80	(4)
Increase in cash and cash equivalents	36,035	4,798
Cash and cash equivalents at beginning of period	20,696	26,450
Cash and cash equivalents at end of period	\$ 56,731	\$ 31,248
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ 7	\$ 75
Supplemental disclosures of non-cash activities:		
Issuance of accrued share-based bonus plan	\$ 2,722	\$ 5,019
Accrued purchases of property and equipment	\$ 86	\$ 1,751

See accompanying notes.

MAXLINEAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts and percentage data)

1. Organization and Summary of Significant Accounting Policies

Description of Business

MaxLinear, Inc. (the Company) was incorporated in Delaware in September 2003. The Company is a provider of integrated, radio-frequency and mixed-signal integrated circuits for broadband communication and data center, metro, and long-haul transport network applications whose customers include module makers, original equipment manufacturers, or OEMs, and original design manufacturers, or ODMs, who incorporate the Company's products in a wide range of electronic devices including cable and terrestrial and satellite set top boxes, DOCSIS data and voice gateways, hybrid analog and digital televisions, satellite low-noise blocker transponders or outdoor units and optical modules for data center, metro, and long-haul transport network applications. The Company is a fabless semiconductor company focusing its resources on the design, sales and marketing of its products.

Acquisition of Entropic Communications, Inc.

On April 30, 2015, the Company completed its acquisition of Entropic Communications, Inc. (Entropic). Pursuant to the terms of the merger agreement dated as of February 3, 2015, by and among the Company, Entropic, and two wholly-owned subsidiaries of the Company, all of the Entropic outstanding shares were converted into the right to receive consideration consisting of cash and shares of the Company's Class A common stock. The Company paid an aggregate of \$111.1 million and issued an aggregate of 20.4 million shares of the Company's Class A common stock, to the stockholders of Entropic. In addition, the Company assumed all outstanding Entropic stock options and unvested restricted stock units that were held by continuing service providers (as defined in the merger agreement). The Company used Entropic's cash and cash equivalents to fund a significant portion of the cash portion of the merger consideration and, to a lesser extent, its own cash and cash equivalents. The Company has made all of the material remaining disclosures required by ASC 805-10-50-2, Business Combinations. See Note 3.

In connection with the Company's acquisition of Entropic and to address issues primarily relating to the integration of the Company and Entropic businesses, the Company terminated the employment of 73 Entropic employees during the second quarter of 2015. See Note 4.

Basis of Presentation and Principles of Consolidation

The unaudited consolidated financial statements include the accounts of MaxLinear, Inc. and its wholly owned subsidiaries. All intercompany transactions and investments have been eliminated in consolidation.

The functional currency of certain foreign subsidiaries is the local currency. Accordingly, assets and liabilities of these foreign subsidiaries are translated at the current exchange rate at the balance sheet date and historical rates for equity. Revenue and expense components are translated at weighted average exchange rates in effect during the period. Gains and losses resulting from foreign currency translation are included as a component of stockholders' equity. Foreign currency transaction gains and losses are included in the results of operations and, to date, have not been significant.

The Company has prepared the accompanying unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by U.S. generally accepted accounting principles, or GAAP, for complete financial statements. In the opinion of management, all adjustments, which include all normal recurring adjustments, considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes thereto for the year ended December 31, 2014 included in the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission, or SEC, on February 23, 2015, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 12, 2015.

MAXLINEAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts and percentage data)

Use of Estimates

The preparation of unaudited consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited consolidated financial statements and accompanying notes of the unaudited consolidated financial statements. Actual results could differ from those estimates.

Revenue Recognition

Revenue is generated from sales of the Company's integrated circuits. The Company recognizes revenue when all of the following criteria are met: 1) there is persuasive evidence that an arrangement exists, 2) delivery of goods has occurred, 3) the sales price is fixed or determinable and 4) collectability is reasonably assured. Title to product transfers to customers either when it is shipped to or received by the customer, based on the terms of the specific agreement with the customer.

Revenue is recorded based on the facts at the time of sale. Transactions for which the Company cannot reliably estimate the amount that will ultimately be collected at the time the product has shipped and title has transferred to the customer are deferred until the amount that is probable of collection can be determined. Items that are considered when determining the amounts that will be ultimately collected are: a customer's overall creditworthiness and payment history; customer rights to return unsold product; customer rights to price protection; customer payment terms conditioned on sale or use of product by the customer; or extended payment terms granted to a customer.

A portion of the Company's revenues are generated from sales made through distributors under agreements allowing for pricing credits and/or stock rotation rights of return. Revenues from the Company's distributors accounted for 11% and 14% of net revenue for the three and six months ended June 30, 2015, respectively. Revenues from the Company's distributors accounted for 24% and 26% of net revenue for the three and six months ended June 30, 2014, respectively. Pricing credits to the Company's distributors may result from its price protection and unit rebate provisions, among other factors. These pricing credits and/or stock rotation rights prevent the Company from being able to reliably estimate the final sales price of the inventory sold and the amount of inventory that could be returned pursuant to these agreements. As a result, for sales through distributors, the Company has determined that it does not meet all of the required revenue recognition criteria at the time it delivers its products to distributors as the final sales price is not fixed or determinable.

For these distributor transactions, revenue is not recognized until product is shipped to the end customer and the amount that will ultimately be collected is fixed or determinable. Upon shipment of product to these distributors, title to the inventory transfers to the distributor and the distributor is invoiced, generally with 30 day terms. On shipments to the Company's distributors where revenue is not recognized, the Company records a trade receivable for the selling price as there is a legally enforceable right to payment, relieving the inventory for the carrying value of goods shipped since legal title has passed to the distributor, and records the corresponding gross profit in the consolidated balance sheet as a component of deferred revenue and deferred profit, representing the difference between the receivable recorded and the cost of inventory shipped. Future pricing credits and/or stock rotation rights from the Company's distributors may result in the realization of a different amount of profit included in the Company's future consolidated statements of operations than the amount recorded as deferred profit in the Company's consolidated balance sheets.

The Company records reductions in revenue for estimated pricing adjustments related to price protection agreements with the Company's end customers in the same period that the related revenue is recorded. Price protection pricing adjustments are recorded at the time of sale as a reduction to revenue and an increase in the Company's accrued liabilities. The amount of these reductions is based on specific criteria included in the agreements and other factors known at the time. The Company accrues 100% of potential price protection adjustments at the time of sale and does not apply a breakage factor. The Company reverses the accrual for unclaimed price protection amounts as specific programs contractually end or when the Company believes unclaimed amounts are no longer subject to payment and will not be paid. See Note 6 for a summary of the Company's price protection activity.

MAXLINEAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts and percentage data)

Business Combinations

The Company applies the provisions of ASC 805, *Business Combinations*, in the accounting for its acquisitions. It requires the Company to recognize separately from goodwill the assets acquired and the liabilities assumed, at the acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, its estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of operations.

Costs to exit or restructure certain activities of an acquired company or the Company's internal operations are accounted for as termination and exit costs pursuant to ASC 420, *Exit or Disposal Cost Obligations*, and are accounted for separately from the business combination. A liability for costs associated with an exit or disposal activity is recognized and measured at its fair value in the consolidated statement of operations in the period in which the liability is incurred. When estimating the fair value of facility restructuring activities, assumptions are applied regarding estimated sub-lease payments to be received, which can differ materially from actual results. This may require the Company to revise its initial estimates which may materially affect the results of operations and financial position in the period the revision is made.

For a given acquisition, the Company may identify certain pre-acquisition contingencies as of the acquisition date and may extend its review and evaluation of these pre-acquisition contingencies throughout the measurement period in order to obtain sufficient information to assess whether the Company includes these contingencies as a part of the fair value estimates of assets acquired and liabilities assumed and, if so, to determine their estimated amounts.

If the Company cannot reasonably determine the fair value of a pre-acquisition contingency (non-income tax related) by the end of the measurement period, which is generally the case given the nature of such matters, the Company will recognize an asset or a liability for such pre-acquisition contingency if: (i) it is probable that an asset existed or a liability had been incurred at the acquisition date and (ii) the amount of the asset or liability can be reasonably estimated. Subsequent to the measurement period, changes in estimates of such contingencies will affect earnings and could have a material effect on results of operations and financial position.

In addition, uncertain tax positions and tax related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. The Company reevaluates these items quarterly based upon facts and circumstances that existed as of the acquisition date with any adjustments to the preliminary estimates being recorded to goodwill if identified within the measurement period. Subsequent to the measurement period or final determination of the tax allowance's or contingency's estimated value, whichever comes first, changes to these uncertain tax positions and tax related valuation allowances will affect the provision for income taxes in the consolidated statement of operations and could have a material impact on the results of operations and financial position.

Litigation and Settlement Costs

Legal costs are expensed as incurred. The Company is involved in disputes, litigation and other legal actions in the ordinary course of business. The Company continually evaluates uncertainties associated with litigation and records 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 loss or range of loss can be reasonably estimated.

MAXLINEAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts and percentage data)

Goodwill and 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. Intangible assets represent purchased intangible assets including developed technology and in-process research and development, or IPR&D, and technologies acquired or licensed from other companies. Purchased intangible assets with definitive lives are capitalized and amortized over their estimated useful lives. Technologies acquired or licensed from other companies are capitalized and amortized over the lesser of the terms of the agreement, or estimated useful life. The Company capitalizes IPR&D projects acquired as part of a business combination. On completion of each project, IPR&D assets are reclassified to developed technology and amortized over their estimated useful lives.

Impairment of Goodwill and Long-Lived Assets

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for under the purchase method. Goodwill is not amortized but is tested for impairment using a two-step method. Step one is the identification of potential impairment. This involves comparing the fair value of each reporting unit, which the Company has determined to be the entity itself, with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds the carrying amount, the goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of impairment loss, if any. The Company tests by reporting unit, goodwill and other indefinite-lived intangible assets for impairment at October 31 or more frequently if it believes indicators of impairment exist.

During development, IPR&D is not subject to amortization and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company reviews indefinite-lived intangible assets for impairment as of October 31, the date of its annual goodwill impairment review or whenever events or changes in circumstances indicate the carrying value may not be recoverable. Recoverability of indefinite-lived intangible assets is measured by comparing the carrying amount of the asset to the future discounted cash flows that asset is expected to generate. Once an IPR&D project is complete, it becomes a definite lived intangible asset and is evaluated for impairment both immediately prior to its change in classification and thereafter in accordance with the Company's policy for long-lived assets.

The Company regularly reviews the carrying amount of its long-lived assets, as well as the useful lives, to determine whether indicators of impairment may exist which warrant adjustments to carrying values or estimated useful lives. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. Should impairment exist, the impairment loss would be measured based on the excess of the carrying amount of the asset over the asset's fair value.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board, or FASB, issued new accounting guidance related to revenue recognition. This new standard will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. This guidance will be effective for the Company beginning in the first quarter of fiscal year 2018 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is evaluating the impact of adopting this new accounting standard on its financial statements.

In August 2014, the FASB issued new accounting guidance related to the disclosures around going concern. The new standard provides guidance around management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This guidance will be effective for the Company beginning in the first quarter of fiscal year 2017. Early adoption is permitted. The Company does not expect the adoption of this standard to significantly impact its financial statements.

MAXLINEAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts and percentage data)

2. Net Loss Per Share

Net loss per share is computed as required by the accounting standard for earnings per share, or EPS. Basic EPS is calculated by dividing net loss by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted EPS is computed by dividing net loss by the weighted-average number of common shares outstanding for the period and the weighted-average number of dilutive common stock equivalents outstanding for the period determined using the treasury-stock method. For purposes of this calculation, common stock options, restricted stock units and restricted stock awards are considered to be common stock equivalents and are only included in the calculation of diluted EPS when their effect is dilutive.

The Company has two classes of stock outstanding, Class A common stock and Class B common stock. The economic rights of the Class A common stock and Class B common stock, including rights in connection with dividends and payments upon a liquidation or merger are identical, and the Class A common stock and Class B common stock will be treated equally, identically and ratably, unless differential treatment is approved by the Class A common stock and Class B common stock, each voting separately as a class. The Company computes basic earnings per share by dividing net loss by the weighted average number of shares of Class A and Class B common stock outstanding during the period. For diluted earnings per share, the Company divides net loss by the sum of the weighted average number of shares of Class A and Class B common stock outstanding and the potential number of shares of dilutive Class A and Class B common stock outstanding during the period.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Numerator:				
Net loss	\$ (30,647)	\$ (612)	\$ (35,369)	\$ (1,474)
Denominator:				
Weighted average common shares outstanding—basic	52,586	36,093	45,367	35,733
Dilutive common stock equivalents	—	—	—	—
Weighted average common shares outstanding—diluted	52,586	36,093	45,367	35,733
Net loss per share:				
Basic	\$ (0.58)	\$ (0.02)	\$ (0.78)	\$ (0.04)
Diluted	\$ (0.58)	\$ (0.02)	\$ (0.78)	\$ (0.04)

The Company excluded 4.3 million and 5.7 million common stock equivalents for the three and six months ended June 30, 2015, respectively, and 3.2 million and 3.3 million common stock equivalents for the three and six months ended June 30, 2014, respectively, resulting from outstanding equity awards for the calculation of diluted net loss per share due to their anti-dilutive nature.

3. Business Combination

Acquisition of Entropic Communications, Inc.

On April 30, 2015, the Company completed its acquisition of Entropic Communications, Inc. ("Entropic"). Pursuant to the terms of the merger agreement dated as of February 3, 2015, by and among the Company, Entropic, and two wholly-owned subsidiaries of the Company ("the Merger Agreement"), all of the Entropic outstanding shares were converted into the right to receive consideration consisting of cash and shares of the Company's Class A common stock. The Company paid an aggregate of \$111.1 million and issued an aggregate of 20.4 million shares of the Company's Class A common stock, to the stockholders of Entropic. In addition, the Company assumed all outstanding Entropic stock options and unvested restricted stock units that were held by continuing service providers (as defined in the Merger Agreement). The Company used Entropic's cash and cash equivalents to fund a significant portion of the cash portion of the merger consideration and, to a lesser extent, its own cash and cash equivalents.

MAXLINEAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts and percentage data)

As a result of the acquisition, the Company expects to reduce costs through economies of scale. Entropic has been recognized for pioneering the MoCA® (Multimedia over Coax Alliance) home networking standard and inventing Direct Broadcast Satellite (“DBS”) outdoor unit single-wire technology. Entropic has a rich history of innovation and deep expertise in RF, analog/mixed signal and digital signal processing technologies. Entropic’s silicon solutions have been broadly deployed across major cable, satellite, and fiber service providers. The Company expects the acquisition of Entropic to add significant scale to the Company’s analog/mixed-signal business, expand the Company’s addressable market and enhance the strategic value of the Company’s offerings to broadband and access partners, OEM customers, and service providers.

The merger has been accounted for under the acquisition method of accounting in accordance with ASC 805, Business Combinations, with MaxLinear treated as the accounting acquirer. Under this method of accounting, the Company recorded the acquisition based on the fair value of the consideration given and the cash consideration paid. The Company allocated the acquisition consideration paid to the identifiable assets acquired and liabilities assumed based on their respective preliminary fair values at the date of completion of the merger. Any excess of the value of consideration paid over the aggregate fair value of those net assets has been recorded as goodwill.

The total consideration for the Entropic acquisition of \$289.4 million is comprised of the equity value of shares of the Company’s common stock that were issued in the transaction of \$173.8 million, the portion of outstanding equity awards deemed to have been earned as of April 30, 2015 of \$4.5 million and cash of \$111.1 million. The portion of outstanding equity awards deemed not to have been earned of \$9.3 million as of April 30, 2015 will be expensed over the remaining future vesting period, including \$2.4 million in the second quarter of 2015. Assumed equity awards consisted of 1.9 million of the Company’s stock options and 1.3 million restricted stock units.

The Company capitalized \$0.7 million of costs related to the registration and issuance of the 20.4 million shares of the Company’s Class A common stock to Entropic’s stockholders upon completion of the merger. In addition, the Company registered an additional 3.2 million shares related to shares of the Company’s Class A common stock which may be issued pursuant to outstanding equity awards under the former Entropic Stock Plans.

The estimated fair value of the purchase price consideration consisted of the following:

Cash	\$ 111,125
Class A common stock issued	173,781
Equity awards assumed	4,485
Total purchase consideration	<u>\$ 289,391</u>

Pursuant to the Company’s business combinations accounting policy, the Company estimated the preliminary fair values of net tangible and intangible assets acquired and the excess of the consideration transferred over the aggregate of such fair values was recorded as goodwill. The preliminary fair values of net tangible assets and intangible assets acquired were based upon preliminary valuations and the Company’s estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). The primary areas that remain preliminary relate to the fair values of intangible assets acquired, certain tangible assets and liabilities acquired, certain legal matters, income and non-income based taxes and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair values of the net assets acquired during the measurement period.

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The following table summarizes the preliminary allocation of the assets acquired and liabilities assumed at the acquisition date:

	Fair Value
Cash, cash equivalents and short-term investments	\$ 107,510
Accounts receivable	29,214
Inventory	29,600
Prepaid expenses	5,680
Property and equipment, net	18,662
Other long-term assets	2,671
Intangible assets	92,400
Accounts payable	(17,552)
Accrued price protection liability	(3,486)
Accrued expenses and other current liabilities	(10,434)
Accrued compensation	(3,517)
Deferred tax liability	(1,933)
Other long-term liabilities	(7,111)
Total identifiable net assets	241,704
Goodwill	47,687
Fair value of net assets acquired	\$ 289,391

In connection with the acquisition of Entropic, the Company has assumed liabilities related to Entropic product quality issues, warranty claims and contract obligations which are included in accrued expenses and other current liabilities in the purchase price allocation above.

The fair value of inventories acquired included an acquisition accounting fair market value step-up of \$14.6 million. In the three months ended June 30, 2015, the Company recognized \$13.3 million as a component of cost of sales as the inventory acquired on April 30, 2015 was sold to the Company's customers. Included in inventory as of June 30, 2015, was \$1.3 million relating to the remaining fair value step-up associated with the Entropic acquisition.

The Company is subject to legal and regulatory requirements, including but not limited to those related to taxation in each of the jurisdictions in the countries in which it operates. The Company has conducted a preliminary assessment of liabilities arising from these tax matters in each of these jurisdictions, and has recognized provisional amounts in its initial accounting for the acquisition of Entropic for the identified liabilities. However, the Company is continuing its review of these matters as well as other legal and regulatory matters during the measurement period, and if new information obtained about facts and circumstances that existed at the acquisition date identifies adjustments to the liabilities initially recognized, as well as any additional liabilities that existed as the acquisition date, the acquisition accounting will be revised to reflect the resulting adjustments to the provisional tax amounts or other liabilities initially recognized.

Acquisition and integration-related costs of \$5.3 million were included in selling, general, and administrative expenses in the Company's statement of operations for the six months ended June 30, 2015.

The following table presents details of the preliminary identified intangible assets acquired through the acquisition of Entropic:

	Estimated Useful Life (in years)	Fair Value
Developed technology	7.0	\$ 43,600
In-process research and development	n/a	18,200
Trademarks and trade names	7.0	1,700
Customer relationships	5.0	4,700
Backlog	0.7	24,200
Total intangible assets		\$ 92,400

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The fair value of the \$92.4 million of identified intangible assets acquired in connection with the Entropic acquisition was estimated using an 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. The 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 and IPR&D will begin amortization upon the completion of each project. If any of the projects are abandoned, the Company will be required to impair the related IPR&D asset.

In connection with the Company's acquisition of Entropic and to address issues primarily relating to the integration of the Company and Entropic businesses, the Company entered into a restructuring plan. See Note 4.

The following unaudited pro forma financial information presents the combined results of operations for each of the periods presented, as if the acquisition had occurred at the beginning of fiscal year 2014:

	Six Months Ended June 30	
	2015	2014
Net revenues	\$ 177,590	\$ 173,948
Net loss	(7,984)	(77,595)

The following adjustments were included in the unaudited pro forma financial information:

	Six Months Ended June 30	
	2015	2014
Amortization and depreciation of intangible assets and property, plant and equipment acquired	\$ (8,557)	\$ 16,775
Amortization of inventory step-up	(13,286)	14,244
Acquisition and integration expenses	(13,307)	—
Restructuring charges	(11,389)	—
	\$ (46,539)	\$ 31,019

The pro forma data is presented for illustrative purposes only and is not necessarily indicative of the consolidated results of operations of the combined business had the merger actually occurred at the beginning of fiscal year 2014 or of the results of future operations of the combined business. The unaudited pro forma financial information does not reflect any operating efficiencies and cost saving that may be realized from the integration of the acquisition.

For the three and six months ended June 30, 2015, \$32.3 million of revenue and \$3.0 million of gross profit of former Entropic operations since the acquisition date are included in the Company's unaudited consolidated statements of operations.

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Acquisition of Physpeed, Co., Ltd.

On October 31, 2014, the Company acquired 100% of the outstanding common shares of Physpeed Co., Ltd. (“Physpeed”), a privately held developer of high-speed physical layer interconnect products addressing enterprise and telecommunications infrastructure market applications. The Company paid \$9.3 million in cash in exchange for all outstanding shares of capital stock and equity of Physpeed. \$1.1 million of the consideration payable to the former shareholders of Physpeed was placed into escrow pursuant to the terms of the definitive merger agreement. The escrow release date is twelve months following the closing date of October 31, 2014. In addition, the definitive merger agreement provided for potential consideration of \$1.7 million of held back merger proceeds for the former principal shareholders of Physpeed which will be paid over a two year period contingent upon continued employment and potential earn-out consideration of up to \$0.75 million to the former shareholders of Physpeed for the achievement of certain 2015 and 2016 revenue milestones. As of June 30, 2015, \$0.6 million of held back merger proceeds have been paid. The Company had also entered into retention and performance-based agreements with Physpeed employees for up to \$3.25 million to be paid in cash or shares of MaxLinear Class A common stock based on the achievement of certain 2015 and 2016 revenue milestones.

As a result of the acquisition, the Company expects to reduce costs through economies of scale. The acquisition of Physpeed significantly accelerates the Company's total addressable market expansion efforts into infrastructure for data center, as well as metro and long-haul telecommunications operators. Physpeed’s expertise in high-speed analog design, combined with the Company's proven low-power digital CMOS mixed signal-integration and DSP capabilities, is expected to bring to market solutions that will uniquely enable the data traffic growth generated from smartphones and tablets, and over-the-top, or OTT, streaming video, in addition to cloud computing and data analytics in hyper-scale data centers. The goodwill of \$1.2 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Company and Physpeed. None of the goodwill recognized is expected to be deductible for income tax purposes.

In accordance with accounting principles generally accepted in the United States, the Company accounted for the merger using the acquisition method of accounting for business combinations. Under this method of accounting, the Company recorded the acquisition based on the fair value of the consideration given and the cash consideration paid in the merger at the time of the merger. The Company allocated the purchase price to the identifiable assets acquired and liabilities assumed based on their respective fair values at the date of the completion of the merger. Any excess of the value of consideration paid over the aggregate fair value of those net assets has been recorded as goodwill.

The following table summarizes the consideration paid for Physpeed:

Cash	\$ 9,250
Contingent consideration	265
Fair value of total consideration transferred	<u>\$ 9,515</u>

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date. The Company completed the purchase price allocation for its acquisition of Physpeed as of December 31, 2014:

Financial assets	\$ 114
Accounts receivable	447
Prepaid expenses	28
Inventory	69
Fixed assets	56
Identifiable intangible assets	10,000
Financial liabilities	(65)
Net deferred tax liability	<u>(2,335)</u>
Total identifiable net assets	8,314
Goodwill	1,201
	<u>\$ 9,515</u>

Acquisition-related costs of \$0.3 million were included in selling, general, and administrative expenses in the Company's statement of operations for the year ended December 31, 2014.

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The fair value of the acquired identifiable intangible assets of \$10.0 million consists of developed technology of \$2.7 million and IPR&D of \$7.3 million. Both the developed technology and IPR&D are related to optical interconnect interface physical layers products and the estimated useful lives have been assessed to be seven years for the developed technology. Developed technology will be amortized immediately and IPR&D will begin amortization upon the completion of each project. If any of the projects are abandoned, the Company will be required to impair the related IPR&D asset. The fair value of the developed technology and IPR&D was determined using the multi-period excess earnings method, or MPEEM. The 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 their net present value. Significant factors considered in the calculation 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.

Compensation Arrangements

In connection with the acquisition of Physpeed, the Company has agreed to pay additional consideration in future periods. There was a holdback of the merger proceeds whereby the former principal shareholders of Physpeed will be paid a quarterly amount of \$0.2 million beginning on January 31, 2015 and ending on October 31, 2016 for a total of \$1.7 million. Certain employees of Physpeed will be paid a total of \$0.1 million of which \$0.07 million will be paid in 2015 and \$0.05 million will be paid in 2016. These payments are accounted for as transactions separate from the business combination as the payments are contingent upon continued employment and will be recorded as post-combination compensation expense in the Company's financial statements during the service period. The Company also agreed to a working capital adjustment of \$0.04 million that was settled by December 31, 2014.

Earn-Out

The contingent earn-out consideration has an estimated fair value of \$0.3 million at the date of acquisition. The earn-out is payable up to \$0.75 million to the former shareholders of Physpeed. The 2015 earn-out is based on \$0.375 million multiplied by the 2015 revenue percentage as defined in the definitive merger agreement. The 2016 earn-out is based on \$0.375 million multiplied by the 2016 revenue percentage as defined in the definitive merger agreement. Subsequent changes to the fair value will be recorded through earnings. The fair value of the earn-out was \$0.1 million and \$0.3 million at June 30, 2015 and December 31, 2014, respectively. The change in the fair value of the earn-out was primarily due to revisions to the Company's expectations of earn-out achievement.

RSU Awards

The Company will grant restricted stock units, or RSUs, under its equity incentive plan to Physpeed continuing employees if certain 2015 and 2016 revenue targets are met contingent upon continued employment. The total maximum amounts of these RSUs are \$3.25 million. These participants will be eligible to receive \$1.625 million of the RSUs in 2015 and \$1.625 million in 2016.

The RSUs granted in 2015 will be based on the calculation of the 2015 maximum revenue RSU amount multiplied by the 2015 revenue percentage as defined in the definitive merger agreement. The 2015 maximum revenue RSU amount is 50% of the aggregate maximum RSU award value divided by the 2015 average company share price (the average closing sales prices of stock trading on the New York Stock exchange over five consecutive trading days ending on the trade date that is the third trading date prior to the 2015 determination date (no later than ten business days after filing the Form 10-K for the 2015 fiscal year)). Qualifying revenues are the net revenues recognized in the 2015 fiscal year directly attributable to sales of Physpeed products or the Company's provision of non-recurring engineering services exclusively with respect to the Physpeed products in accordance with U.S. GAAP reflected in the Company's audited financial statements.

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The RSUs granted in 2016 will be based on the calculation of the 2016 maximum revenue RSU amount multiplied by the 2016 revenue percentage as defined in the definitive merger agreement. The 2016 maximum revenue RSU amount is 50% of the aggregate maximum RSU award value divided by the 2016 average company share price (the average closing sales prices of stock trading on the New York Stock exchange over five consecutive trading days ending on the trade date that is the third trading date prior to the 2016 determination date (no later than ten business days after filing the Form 10-K for the 2016 fiscal year). Qualifying revenues are the net revenues recognized in the 2016 fiscal year directly attributable to sales of Physpeed products or the Company's provision of non-recurring engineering services exclusively with respect to the Physpeed products in accordance with U.S. GAAP reflected in the Company's audited financial statements.

The Company will record compensation expense for the 2015 RSUs over a 14 month service period from October 31, 2014 through December 31, 2015. The Company will record compensation expense for the 2016 RSUs over a 26 month service period from October 31, 2014 through December 31, 2016. The Company has recorded an accrual for the stock-based compensation expense for the 2015 and 2016 RSUs of \$0.5 million at June 30, 2015.

4. Restructuring Activity

In connection with the Company's acquisition of Entropic, the Company entered into a restructuring plan to address matters primarily relating to the integration of the Company and Entropic businesses. In connection with this plan, the Company terminated the employment of 73 Entropic employees during the second quarter of 2015. The Company recognized associated non-recurring employee separation charges of approximately \$5.8 million in the six months ended June 30, 2015 related to these terminations. Included in these employee separation charges is \$1.5 million of stock compensation for accelerated stock options and RSUs vesting due to double trigger change of control agreements and other special agreements in effect with certain Entropic employees.

Additionally, in connection with the restructuring plan, the Company ceased use of the majority of Entropic's former headquarters. Accordingly, the Company recognized lease impairment charges of \$1.1 million based on the adjustment to the net present value of the remaining lease obligation on the cease use date. The Company also recorded impairment charges of \$4.5 million related to leasehold improvements on the unused premises.

The following table presents the activity related to the plan, which is included in restructuring charges in the unaudited consolidated statements of operations:

	Six Months Ended June 30, 2015	
Employee separation expenses	\$	5,796
Lease related impairment		5,593
	\$	<u>11,389</u>

The following table presents a rollforward of our restructuring liability as of June 30, 2015, which is included in accrued expenses and other current liabilities in the unaudited consolidated balance sheets:

	Employee Separation Expenses	Lease Related Impairment	Total
Liability as of December 31, 2014	\$ —	\$ —	\$ —
Restructuring charges	5,796	5,593	11,389
Cash payments	(4,057)	—	(4,057)
Non-cash charges	(1,491)	(4,457)	(5,948)
Liability as of June 30, 2015	<u>\$ 248</u>	<u>\$ 1,136</u>	<u>\$ 1,384</u>

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5. Financial Instruments

The composition of financial instruments is as follows:

	June 30, 2015			
	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Assets				
Money market funds	\$ 5,421	\$ —	\$ —	\$ 5,421
Government debt securities	8,898	1	—	8,899
Corporate debt securities	16,461	—	(16)	16,445
	<u>30,780</u>	<u>1</u>	<u>(16)</u>	<u>30,765</u>
Less amounts included in cash and cash equivalents	(5,421)	—	—	(5,421)
	<u>\$ 25,359</u>	<u>\$ 1</u>	<u>\$ (16)</u>	<u>\$ 25,344</u>
				Fair Value at June 30, 2015
Liabilities				
Contingent Consideration				\$ 133
Total				<u>\$ 133</u>

	December 31, 2014			
	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Assets				
Money market funds	\$ 1,858	\$ —	\$ —	\$ 1,858
Government debt securities	27,154	5	(8)	27,151
Corporate debt securities	31,543	3	(42)	31,504
	<u>60,555</u>	<u>8</u>	<u>(50)</u>	<u>60,513</u>
Less amounts included in cash and cash equivalents	(1,858)	—	—	(1,858)
	<u>\$ 58,697</u>	<u>\$ 8</u>	<u>\$ (50)</u>	<u>\$ 58,655</u>
				Fair Value at December 31, 2014
Liabilities				
Contingent Consideration				\$ 265
Total				<u>\$ 265</u>

As of June 30, 2015, the Company held 14 government and corporate debt securities with an aggregate fair value of \$23.3 million that were in an unrealized loss position for less than 12 months. The gross unrealized losses of \$0.02 million at June 30, 2015 represent temporary impairments on government and corporate debt securities related to multiple issuers, and were primarily caused by fluctuations in U.S. interest rates. The Company evaluates securities for other-than-temporary impairment on a quarterly basis. Impairment is evaluated considering numerous factors, and their relative significance varies depending on the situation. Factors considered 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 issuer; including changes in the financial condition of the security's underlying collateral; any downgrades of the security by a rating agency; nonpayment of scheduled interest, or the reduction or elimination of dividends; as well as our intent and ability to hold the security in order to allow for an anticipated recovery in fair value.

All of the Company's long-term available-for-sale securities were due between 1 and 2 years as of June 30, 2015.

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The fair values of the Company's financial instruments are the amounts that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants and are recorded using a hierarchal disclosure framework based upon the level of subjectivity of the inputs used in measuring assets and liabilities. The levels are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available.

The Company classifies its financial instruments within Level 1 or Level 2 of the fair value hierarchy on the basis of valuations using quoted market prices or alternate pricing sources and models utilizing market observable inputs, respectively. The Company's money market funds were valued based on quoted prices for the specific securities in an active market and were therefore classified as Level 1. The government and corporate debt securities have been valued on the basis of valuations provided by third-party pricing services, as derived from such services' pricing models. The pricing services may use a consensus price which is a weighted average price based on multiple sources or mathematical calculations to determine the valuation for a security, and have been classified as Level 2. The Company reviews Level 2 inputs and fair value for reasonableness and the values may be further validated by comparison to independent pricing sources. In addition, the Company reviews third-party pricing provider models, key inputs and assumptions and understands the pricing processes at its third-party providers in determining the overall reasonableness of the fair value of its Level 2 financial instruments. As of June 30, 2015 and December 31, 2014, the Company has not made any adjustments to the prices obtained from its third party pricing providers. The contingent liability is classified as Level 3 as of June 30, 2015 and December 31, 2014 and is valued using an internal rate of return model. The assumptions used in preparing the internal rate of return model include estimates for future revenues related to Physpeed products and services and a discount factor of 0.71% to 0.36% and 0.54% to 0.33% at June 30, 2015 and December 31, 2014, respectively. The assumptions used in preparing the internal rate of return model include estimates for outcome if milestone goals are achieved, the probability of achieving each outcome and discount rates. Significant changes in any of the unobservable inputs used in the fair value measurement of contingent consideration in isolation could result in a significantly lower or higher fair value. A change in estimated future revenues would be accompanied by a directionally similar change in fair value.

The following table presents a summary of the Company's financial instruments that are measured on a recurring basis:

	Fair Value Measurements at June 30, 2015			
	Balance at June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	\$ 5,421	\$ 5,421	\$ —	\$ —
Government debt securities	8,899	—	8,899	—
Corporate debt securities	16,445	—	16,445	—
	<u>\$ 30,765</u>	<u>\$ 5,421</u>	<u>\$ 25,344</u>	<u>\$ —</u>
Liabilities				
Contingent consideration	\$ 133	\$ —	\$ —	\$ 133
	<u>\$ 133</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 133</u>

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	Fair Value Measurements at December 31, 2014			
	Balance at December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	\$ 1,858	\$ 1,858	\$ —	\$ —
Government debt securities	27,151	—	27,151	—
Corporate debt securities	31,504	—	31,504	—
	<u>\$ 60,513</u>	<u>\$ 1,858</u>	<u>\$ 58,655</u>	<u>\$ —</u>
Liabilities				
Contingent consideration	\$ 265	\$ —	\$ —	\$ 265
	<u>\$ 265</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 265</u>

The following summarizes the activity in Level 3 financial instruments:

	Six Months Ended June 30, 2015
Contingent Consideration ⁽¹⁾	
Beginning balance	\$ 265
(Gain) loss recognized in earnings ⁽²⁾	(132)
Ending balance	<u>\$ 133</u>
Net gain (loss) for the period included in earnings attributable to contingent consideration held at the end of the period:	<u>\$ (132)</u>

⁽¹⁾ In connection with the acquisition of Physpeed, the Company recorded contingent consideration based upon the expected achievement of certain 2015 and 2016 revenue milestones. Changes to the fair value of contingent consideration due to changes in assumptions used in preparing the valuation model are recorded in selling, general and administrative expense in the statement of operations.

⁽²⁾ Changes to the estimated fair value of contingent consideration were primarily due to revisions to the Company's expectations of earn-out achievement.

There were no transfers between Level 1, Level 2 or Level 3 securities in the three and six months ended June 30, 2015.

6. Balance Sheet Details

Cash and cash equivalents and investments consist of the following:

	June 30, 2015	December 31, 2014
Cash and cash equivalents	\$ 56,731	\$ 20,696
Short-term investments	16,638	48,399
Long-term investments	8,706	10,256
	<u>\$ 82,075</u>	<u>\$ 79,351</u>

Inventory consists of the following:

	June 30, 2015	December 31, 2014
Work-in-process	\$ 21,778	\$ 4,169
Finished goods	17,044	6,689
	<u>\$ 38,822</u>	<u>\$ 10,858</u>

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Property and equipment consist of the following:

	Useful Life (in Years)	June 30, 2015	December 31, 2014
Furniture and fixtures	5	\$ 2,416	\$ 735
Machinery and equipment	3 -5	22,706	12,695
Masks and production equipment	2	8,672	8,672
Software	3	2,800	905
Leasehold improvements	4 -5	10,371	4,451
Construction in progress	N/A	97	276
		<u>47,062</u>	<u>27,734</u>
Less accumulated depreciation and amortization		(23,939)	(15,293)
		<u>\$ 23,123</u>	<u>\$ 12,441</u>

Intangible assets, net consist of the following:

	Weighted Average Amortization Period (in Years)	June 30, 2015	December 31, 2014
Licensed technology	3	\$ 2,821	\$ 2,821
Developed technology	7	46,700	2,700
Trademarks and trade names	7	1,700	—
Customer relationships	5	4,700	—
Backlog	1	24,200	—
Less accumulated amortization		(11,844)	(2,435)
		<u>68,277</u>	<u>3,086</u>
In-process research and development		25,100	7,300
		<u>\$ 93,377</u>	<u>\$ 10,386</u>

The following table presents future amortization of the Company's intangible assets at June 30, 2015:

	Amortization
2015	\$ 20,499
2016	7,967
2017	7,854
2018	7,854
2019	7,854
Thereafter	16,249
Total	<u>\$ 68,277</u>

Deferred revenue and deferred profit consist of the following:

	June 30, 2015	December 31, 2014
Deferred revenue—rebates	\$ 23	\$ 21
Deferred revenue—distributor transactions	6,358	5,585
Deferred cost of net revenue—distributor transactions	(2,246)	(1,994)
	<u>\$ 4,135</u>	<u>\$ 3,612</u>

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Accrued price protection liability consists of the following activity:

	Six Months Ended June 30,	
	2015	2014
Beginning balance	\$ 10,018	\$ 15,017
Additional liability from acquisition	3,486	—
Charged as a reduction of revenue	14,781	6,677
Reversal of unclaimed rebates	(63)	(242)
Payments	(12,443)	(7,072)
Ending balance	<u>\$ 15,779</u>	<u>\$ 14,380</u>

Accrued expenses and other current liabilities consist of the following:

	June 30, 2015	December 31, 2014
Accrued technology license payments	\$ 3,000	\$ 3,000
Accrued professional fees	1,976	422
Accrued product liability	3,606	—
Accrued restructuring	1,384	—
Accrued litigation costs	700	560
Accrued royalty	1,824	—
Deferred tax liability	3,762	—
Other	8,429	1,566
	<u>\$ 24,681</u>	<u>\$ 5,548</u>

7. Stock-Based Compensation and Employee Benefit Plans

Stock-Based Compensation

The Company uses the Black-Scholes valuation model to calculate the fair value of stock options and employee stock purchase rights granted to employees. The Company calculates the fair value of restricted stock units, or RSUs, and restricted stock awards, or RSAs, based on the fair market value of our Class A common stock on the grant date. The weighted-average grant date fair value per share of the RSUs and RSAs granted in the six months ended June 30, 2015 was \$9.98. The weighted-average grant date fair value per share of the RSUs and RSAs granted in the six months ended June 30, 2014 was \$9.03. No stock options were granted during the six months ended June 30, 2015.

The fair values of stock options and employee stock purchase rights were estimated at their respective grant date using the following assumptions:

Stock Options

	Six Months Ended June 30,	
	2014	
Weighted-average grant date fair value per share	\$	4.03
Risk-free interest rate		1.70%
Dividend yield		—%
Expected life (years)		4.56
Volatility		51.00%

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Employee Stock Purchase Rights

	Six Months Ended June 30,	
	2015	2014
Weighted-average grant date fair value per share	\$ 2.25	\$ 2.47
Risk-free interest rate	0.09%	0.05%
Dividend yield	—%	—%
Expected life (years)	0.50	0.50
Volatility	32.65%	47.75%

The risk-free interest rate assumption was based on the United States Treasury's rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued. The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. The weighted-average expected life of options was calculated using the simplified method as prescribed by guidance provided by the SEC. This decision was based on the lack of historical data due to the Company's limited number of stock option exercises under the 2010 Equity Incentive Plan. In addition, due to the Company's limited historical data, the estimated volatility incorporates the historical volatility of comparable companies whose share prices are publicly available. Effective for the six months ended June 30, 2014, the Company is no longer incorporating the historical volatility of comparable companies in determining estimated volatility.

The Company recognized stock-based compensation in the statements of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Cost of net revenue	\$ 61	\$ 32	\$ 96	\$ 61
Research and development	3,053	2,384	5,393	4,578
Selling, general and administrative	1,680	1,269	3,024	2,439
	<u>\$ 4,794</u>	<u>\$ 3,685</u>	<u>\$ 8,513</u>	<u>\$ 7,078</u>

In connection with the acquisition of Entropic, the Company assumed stock options and RSUs originally granted by Entropic. Stock-based compensation expense in the three and six months ended June 30, 2015 included \$2.4 million related to assumed Entropic stock options and RSUs.

In the six months ended June 30, 2015, the Company granted 1.1 million RSUs with a fair value of \$11.2 million related to its annual equity compensation review program, which will be expensed over the next four years. In the six months ended June 30, 2014, the Company granted 0.7 million RSUs with a fair value of \$6.4 million and 0.4 million stock options with a fair value of \$1.7 million related to its annual equity compensation review program, which are expensed over the next four years.

Employee Benefit Plans

At June 30, 2015, the Company had stock-based compensation awards outstanding under the following plans: the 2004 Stock Plan, the 2010 Equity Incentive Plan and the 2010 Employee Stock Purchase Plan as well as the following former Entropic plans: the RF Magic 2000 Incentive Stock Plan, the 2001 Stock Option Plan, the 2007 Equity Incentive Plan, the 2007 Non-Employee Director's Plan and the 2012 Inducement Award Plan. All current stock awards are issued under the 2010 Equity Incentive Plan and 2010 Employee Stock Purchase Plan.

2010 Equity Incentive Plan

The 2010 Equity Incentive Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance-based stock awards, and other forms of equity compensation, or collectively, stock awards. The exercise price for an incentive or a non-statutory stock option cannot be less than 100% of the fair market value of the Company's Class A common stock on the date of grant. Options granted will generally vest over a four-year period and the term can be from seven to ten years.

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On January 1, 2015, 1.5 million shares of Class A common stock were automatically added to the shares authorized for issuance under the 2010 Equity Incentive Plan pursuant to an “evergreen” provision contained in the 2010 Equity Incentive Plan.

2010 Employee Stock Purchase Plan

The 2010 Employee Stock Purchase Plan, or ESPP, is implemented through a series of offerings of purchase rights to eligible employees. Generally, all regular employees, including executive officers, employed by the Company may participate in the ESPP and may contribute up to 15% of their earnings for the purchase of the Company’s Class A common stock under the ESPP. Unless otherwise determined by the Company’s board of directors, Class A common stock will be purchased for accounts of employees participating in the ESPP at a price per share equal to the lower of (a) 85% of the fair market value of a share of the Company’s Class A common stock on the first date of an offering or (b) 85% of the fair market value of a share of the Company’s Class A common stock on the date of purchase.

On January 1, 2015, 0.5 million shares of Class A common stock were automatically added to the shares authorized for issuance under the ESPP pursuant to an “evergreen” provision contained in the ESPP.

Executive Incentive Bonus Plan

In April 2012, the Company's compensation committee amended its Executive Incentive Bonus Plan to, among other things, permit the settlement of awards under the plan in the form of shares of its Class A common stock. In May 2013, the Company's compensation committee amended its Executive Incentive Bonus Plan to permit the settlement of awards under the plan in any combination of cash or shares of its Class A common stock. For the 2014 and 2013 performance period, actual awards under the Executive Incentive Bonus Plan were settled in Class A common stock issued under its 2010 Equity Incentive Plan with the number of shares issuable to plan participants determined based on the closing sales price of the Company's Class A common stock as determined in trading on the New York Stock Exchange on May 14, 2015 and May 9, 2014, respectively. Additionally, the Company settled all bonus awards for all other employees for the 2014 and 2013 performance period in shares of its Class A common stock. The Company issued 0.2 million shares of its Class A common stock for the 2014 performance period upon settlement of the bonus awards on May 14, 2015. The Company issued 0.6 million shares of its Class A common stock for the 2013 performance period upon settlement of the bonus awards on May 9, 2014.

Common Stock

At June 30, 2015, the Company had 500 million authorized shares of Class A common stock and 500 million authorized shares of Class B common stock. Holders of the Company’s Class A and Class B common stock have identical voting rights, except that holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to ten votes per share with respect to transactions that would result in a change of control of the Company or that relate to the Company’s equity incentive plans. In addition, holders of Class B common stock have the exclusive right to elect two members of the Company’s Board of Directors, each referred to as a Class B Director. The shares of Class B common stock are not publicly traded. Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock and in most instances automatically converts upon sale or other transfer.

8. Income Taxes

In order to determine the quarterly provision for income taxes, the Company used an estimated annual effective tax rate, which is based on expected annual income and statutory tax rates in the various jurisdictions in which the Company operates. The income tax provision consists primarily of income taxes related to the Company's operations in foreign jurisdictions as well as accruals for tax contingencies. Certain significant or unusual items are separately recognized in the quarter during which they occur and can be a source of variability in the effective tax rates from quarter to quarter.

As the Company does not believe that it is more-likely-than-not that it will realize a benefit from its U.S. net deferred tax assets, including its U.S. net operating losses, the Company continues to provide a full valuation allowance against those assets and therefore does not incur significant U.S. income tax expense or benefit. Additionally, the Company completed the acquisition of Entropic Communications in the second quarter. As a result of the acquisition, there was a valuation allowance release resulting in a tax benefit of \$1.9 million due to the purchase accounting adjustment for the net deferred tax liability. Furthermore, the Company does not incur expense or benefit in certain tax free jurisdictions in which it operates.

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The Company recorded a benefit from income taxes of \$1.4 million and \$1.2 million for the three and six months ended June 30, 2015, respectively. The Company recorded a provision for income taxes of \$0.3 million and \$0.4 million for the three and six months ended June 30, 2014. The provision for income taxes for the three and six months ended June 30, 2015 and 2014 primarily relates to income taxes in certain foreign jurisdictions.

During the six months ended June 30, 2015, the Company's unrecognized tax benefits increased by \$2.0 million which includes an amount of \$1.6 million related to the acquisition of Entropic. The Company does not anticipate its unrecognized tax benefits will change significantly over the next 12 months. Accrued interest and penalties associated with uncertain tax positions as of June 30, 2015 were \$0.05 million and \$0.02 million, respectively.

The Federal examination by the Internal Revenue Service for the years 2010 and 2011 was completed during the three months ended March 31, 2014. Any impact from the audit was included in the 2013 financial statements. The Company is not currently under examination in any other jurisdictions.

9. Significant Customer and Geographic Information

Customers greater than 10% of net revenues for each of the periods presented are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Percentage of total net revenue				
Arris ¹	30%	34%	29%	34%
Cisco	16%	11%	15%	*

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

¹ Includes sales to Motorola Home, which was acquired by Arris in April 2013, for all periods presented.

Products shipped to international destinations representing greater than 10% of net revenue for each of the periods presented are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Percentage of total net revenue				
China	75%	78%	73%	78%

The determination of which country a particular sale is allocated to is based on the destination of the product shipment.

Balances greater than 10% of accounts receivable are as follows:

	June 30,	December 31, 2014
	2015	
Percentage of gross accounts receivable		
Pegatron Corporation	41%	41%
Sernet Technologies Corporation	*	11%
Sky UK Limited	11%	*

* Represents less than 10% of the gross accounts receivable for the respective period end.

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10. Commitments and Contingencies

Lease Commitments and Other Contractual Obligations

At June 30, 2015, future minimum payments under non-cancelable operating leases, other obligations and inventory purchase obligations are as follows:

	Operating Leases	Other Obligations	Inventory Purchase Obligations
2015 (remaining six months)	\$ 3,803	\$ 6,465	\$ 30,160
2016	7,430	11,362	—
2017	6,001	4,687	—
2018	5,056	700	—
2019	4,774	—	—
Thereafter	12,916	—	—
Total minimum payments:	\$ 39,980	\$ 23,214	\$ 30,160

Entropic Communications Merger Litigation

The Delaware Actions

Beginning on February 9, 2015, eleven stockholder class action complaints (captioned *Langholz v. Entropic Communications, Inc., et al.*, C.A. No. 10631-VCP (filed Feb. 9, 2015); *Tomblin v. Entropic Communications, Inc.*, C.A. No. 10632-VCP (filed Feb. 9, 2015); *Crill v. Entropic Communications, Inc., et al.*, C.A. No. 10640-VCP (filed Feb. 11, 2015); *Wohl v. Entropic Communications, Inc., et al.*, C.A. No. 10644-VCP (filed Feb. 11, 2015); *Parshall v. Entropic Communications, Inc., et al.*, C.A. No. 10652-VCP (filed Feb. 12, 2015); *Saggar v. Padval, et al.*, C.A. No. 10661-VCP (filed Feb. 13, 2015); *Iyer v. Tewksbury, et al.*, C.A. No. 10665-VCP (filed Feb. 13, 2015); *Respler v. Entropic Communications, Inc., et al.*, C.A. No. 10669-VCP (filed Feb. 17, 2015); *Gal v. Entropic Communications, Inc., et al.*, C.A. No. 10671-VCP (filed Feb. 17, 2015); *Werbowsky v. Padval, et al.*, C.A. No. 10673-VCP (filed Feb. 18, 2015); and *Agosti v. Entropic Communications, Inc.*, C.A. No. 10676-VCP (filed Feb. 18, 2015)) were filed in the Court of Chancery of the State of Delaware on behalf of a putative class of Entropic Communications, Inc. stockholders. The complaints name Entropic, the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC as defendants. The complaints generally allege that, in connection with the proposed acquisition of Entropic by MaxLinear, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that Entropic, MaxLinear, and/or the merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The complaints seek, among other things, an order enjoining the defendants from consummating the proposed transaction, an order declaring the merger agreement unlawful and unenforceable, in the event that the proposed transaction is consummated, an order rescinding it and setting it aside or awarding rescissory damages to the class, imposition of a constructive trust, damages, and/or attorneys' fees and costs.

On March 27, 2015, plaintiffs Ankur Saggar, Jon Werbowsky, and Angelo Agosti filed an amended class action complaint. Also on March 27, 2015, plaintiffs Martin Wohl and Jeffrey Park filed an amended class action complaint. On April 1, 2015, plaintiff Mark Respler filed an amended class action complaint.

On April 16, 2015, the Court entered an order consolidating the Delaware actions, captioned *In re Entropic Communications, Inc. Consolidated Stockholders Litigation*, C.A. No. 10631-VCP (the "Consolidated Action"). The April 16, 2015 order appointed plaintiffs Rama Iyer and Jon Werbowsky as Co-Lead Plaintiffs and designated the amended complaint filed by plaintiffs Ankur Saggar, Jon Werbowsky, and Angelo Agosti as the operative complaint (the "Amended Complaint").

The Amended Complaint names as defendants Entropic, the board of directors of Entropic, the Company, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC. The Amended Complaint generally alleges that, in connection with the proposed acquisition of Entropic by the Company, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to maximize the value of Entropic to its stockholders, engaging in a purportedly unfair and conflicted sale process, agreeing to allegedly preclusive deal protection devices in the merger agreement, and allegedly misrepresenting and/or failing to disclose all material information in connection with the proposed transaction. The Amended Complaint further alleges that the Company and the merger subsidiaries aided and abetted the individual

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defendants in the alleged breaches of their fiduciary duties. The Amended Complaint seeks, among other things: an order declaring the merger agreement unlawful and unenforceable, an order rescinding, to the extent already implemented, the merger agreement, an order enjoining defendants from consummating the proposed transaction, imposition of a constructive trust, and attorneys' and experts' fees and costs.

On April 24, 2015, the parties to the Consolidated Action entered into a memorandum of understanding regarding a proposed settlement of the Delaware actions. The proposed settlement is subject to negotiation of the settlement papers by the parties and is subject to court approval after notice and an opportunity to object is provided to the proposed settlement class. There can be no assurance that the parties will reach agreement regarding the final terms of the settlement agreement or that the Court of Chancery will approve the settlement.

CrestaTech Litigation

On January 21, 2014, CrestaTech Technology Corporation, or CrestaTech, filed a complaint for patent infringement against the Company in the United States District Court of Delaware (the "District Court Litigation"). In its complaint, CrestaTech alleges that the Company infringes U.S. Patent Nos. 7,075,585 (the "'585 Patent") and 7,265,792. In addition to asking for compensatory damages, CrestaTech alleges willful infringement and seeks a permanent injunction. CrestaTech also names Sharp Corporation, Sharp Electronics Corp. and VIZIO, Inc. as defendants based upon their alleged use of the Company's television tuners. On January 28, 2014, CrestaTech filed a complaint with the U.S. International Trade Commission, or ITC, again naming the Company, Sharp, Sharp Electronics, and VIZIO ("the "ITC Investigation"). On May 16, 2014 the ITC granted CrestaTech's motion to file an amended complaint adding six OEM Respondents, namely, SIO International, Inc., Hon Hai Precision Industry Co., Ltd., Wistron Corp., Wistron Infocomm Technology (America) Corp., Top Victory Investments Ltd. and TPV International (USA), Inc. (collectively, with the Company, Sharp and VIZIO, the "Company Respondents"). CrestaTech's ITC complaint alleges a violation of 19 U.S.C. § 1337 through the importation into the United States, the sale for importation, or the sale within the United States after importation of the Company's accused products that CrestaTech alleges infringe the same two patents asserted in the Delaware action. Through its ITC complaint, CrestaTech seeks an exclusion order preventing entry into the United States of certain of the Company's television tuners and televisions containing such tuners from Sharp, Sharp Electronics, and VIZIO. CrestaTech also seeks a cease and desist order prohibiting the Company Respondents from engaging in the importation into, sale for importation into, the sale after importation of, or otherwise transferring within the United States certain of the Company's television tuners or televisions containing such tuners.

On December 1-5, 2014, the ITC held a trial in the ITC Investigation. On February 27, 2015, the Administrative Law Judge issued a written Initial Determination ("ID"), ruling that the Company Respondents do not violate Section 1337 in connection with CrestaTech's asserted patents because CrestaTech failed to satisfy the economic prong of the domestic industry requirement pursuant to Section 1337(a) (2). In addition, the ID stated that certain of the Company's television tuners and televisions incorporating those tuners manufactured and sold by certain customers infringe three claims of the '585 Patent, and these three claims were not determined to be invalid. On April 30, 2015, the ITC issued a notice indicating that it intended to review portions of the ID finding no violation of Section 1337, including the ID's findings of infringement with respect to, and validity of, the '585 Patent, and the ID's finding that CrestaTech failed to establish the existence of a domestic industry within the meaning of Section 1337. The Commission has requested additional briefing from the parties on certain issues under review, and the initial target date for completing the ITC investigation was June 29, 2015, which has since been revised to August 19, 2015. The District Court Litigation is currently stayed pending resolution of the ITC Investigation.

In addition, the Company has filed four petitions for *inter partes* review of the two asserted CrestaTech patents, including the three claims that the ID stated the Company infringed and that were not determined to be invalid. The Patent Trial and Appeal Board has decided not to institute one IPR as being redundant to another IPR already underway for the same CrestaTech patent in front of the PTAB (not including the three claims mentioned above), and will likely decide whether to institute review proceedings on the remaining three in or about Q3 2015.

In view of the initial ruling in the ITC Investigation of no violation, the Company has not recorded an accrual for loss contingencies associated with the litigation; determined that an unfavorable outcome is probable or reasonably possible; or determined that the amount or range of any possible loss is reasonably estimable.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The information in this management's discussion and analysis of financial condition and results of operations contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q and in our other filings with the SEC. We do not assume any obligation to update any forward-looking statements.

Overview

We are a provider of integrated, radio-frequency and mixed-signal integrated circuits for broadband communications and data center, metro, and long-haul transport network applications. Our high performance radio-frequency, or RF, receiver products capture and process digital and analog broadband signals to be decoded for various applications. These products include both RF receivers and RF receiver systems-on-chip (SoCs), which incorporate our highly integrated radio system architecture and the functionality necessary to receive and demodulate broadband signals, and physical medium devices that provide a constant current source, current-to-voltage regulation, and data alignment and retiming functionality in optical interconnect applications. Through our acquisition of Entropic Communications, we provide semiconductor solutions for the connected home, ranging from MoCA® (Multimedia over Coax Alliance) solutions that transform how traditional HDTV broadcast and Internet Protocol- (IP) based streaming video content is seamlessly, reliably, and securely delivered, processed, and distributed into and throughout the home, to digital set top box (STB) components and system solutions for the global satellite, terrestrial, cable and IP television (IPTV) markets. Our products enable the distribution and display of broadband video and data content in a wide range of electronic devices, including Pay-TV operator set top boxes and voice and data gateways, hybrid analog and digital televisions, Direct Broadcast Satellite outdoor units, and optical modules for data center, metro, and long-haul transport network applications.

Our net revenue has grown from approximately \$0.6 million in fiscal 2006 to \$133.1 million in fiscal 2014. In the six months ended June 30, 2015 and 2014, respectively, our net revenue was derived primarily from sales of RF receivers and RF receiver systems-on-chip ("SoCs"), and MoCA connectivity solutions into operator voice and data modems and gateways and global analog and digital RF receiver products for analog and digital television applications. These analog and digital television applications include Direct Broadcast Satellite outdoor unit ("DBS ODU") solutions which consist of our and translation switch ("BTS") and channel stacking switch ("CSS") products which simplify the installation required to support simultaneous reception of multiple channels from multiple satellites over a single cable. Our ability to achieve revenue growth in the future will depend, among other factors, on our ability to further penetrate existing markets; our ability to expand our target addressable markets by developing new and innovative products; and our ability to obtain design wins with device manufacturers, in particular manufacturers of set top boxes, data modems, and gateways for the broadband service provider and Pay-TV industries, manufacturers selling into the Cable infrastructure market, and manufacturers of optical module and telecommunications equipment.

Products shipped to Asia accounted for 90% and 90% of net revenue in the three and six months ended June 30, 2015, respectively, and 96% and 96% of net revenue in the three and six months ended June 30, 2014, respectively. A significant but declining portion of these sales in Asia is through distributors. Although a large percentage of our products is shipped to Asia, we believe that a significant number of the systems designed by these customers and incorporating our semiconductor products are then sold outside Asia. For example, we believe revenue generated from sales of our digital terrestrial set top box products during the six months ended June 30, 2015 and 2014 related principally to sales to Asian set top box manufacturers delivering products into Europe, Middle East, and Africa, or EMEA markets. Similarly, revenue generated from sales of our cable modem products during the six months ended June 30, 2015 and 2014 related principally to sales to Asian ODMs and contract manufacturers delivering products into European and North American markets. To date, all of our sales have been denominated in United States dollars.

A significant portion of our net revenue has historically been generated by a limited number of customers. In the three months ended June 30, 2015, two of our customers accounted for 45% of our net revenue, and our ten largest customers collectively accounted for 81% of our net revenue. In the six months ended June 30, 2015, two of our customers accounted for 44% of our net revenue, and our ten largest customers collectively accounted for 75% of our net revenue. In the three months ended June 30, 2014, one of our customers accounted for 34% of our net revenue, and our ten largest customers collectively accounted for 73% of our net revenue. In the six months ended June 30, 2014, one of our customers accounted for 34% of our net revenue, and our ten largest customers collectively accounted for 72% of our net revenue. For certain customers, we sell multiple products into disparate end user applications such as cable modems and cable set-top boxes.

Our business depends on winning competitive bid selection processes, known as design wins, to develop semiconductors for use in our customers' products. These selection processes are typically lengthy, and as a result, our sales cycles will vary based on the specific market served, whether the design win is with an existing or a new customer and whether our product being designed in our customer's device is a first generation or subsequent generation product. Our customers' products can be complex and, if our engagement results in a design win, can require significant time to define, design and result in volume production. Because the sales cycle for our products is long, we can incur significant design and development expenditures in circumstances where we do not ultimately recognize any revenue. We do not have any long-term purchase commitments with any of our customers, all of whom purchase our products on a purchase order basis. Once one of our products is incorporated into a customer's design, however, we believe that our product is likely to remain a component of the customer's product for its life cycle because of the time and expense associated with redesigning the product or substituting an alternative chip. Product life cycles in our target markets will vary by application. For example, in the hybrid television market, a design-in can have a product life cycle of 9 to 18 months. In the terrestrial retail digital set top box market, a design-in can have a product life cycle of 18 to 24 months. In the cable operator modem and gateway sectors, a design-in can have a product life cycle of 24 to 48 months. In the satellite operator gateway and DBS outdoor unit sectors, a design-in can have a product life cycle of 24 months to 60 months and beyond.

Recent Developments

On April 30, 2015, we completed our acquisition of Entropic Communications, Inc., or Entropic. Pursuant to the terms of the merger agreement dated as of February 3, 2015 that we entered into with Entropic and two of our wholly-owned subsidiaries, all of the Entropic outstanding shares were converted into the right to receive consideration consisting of cash and shares of our Class A common stock. We paid an aggregate of \$111.1 million and issued an aggregate of 20.4 million shares of our Class A common stock, to the stockholders of Entropic. In addition, we assumed all outstanding Entropic stock options and unvested restricted stock units that were held by continuing service providers (as defined in the merger agreement). We used Entropic's cash and cash equivalents to fund a significant portion of the cash portion of the merger consideration and, to a lesser extent, our own cash and cash equivalents. The integration and fair value of acquired Entropic assets and liabilities will impact our post-acquisition financial condition and results of operations.

Entropic is recognized for having pioneered the MoCA® (Multimedia over Coax Alliance) home networking standard and inventing Direct Broadcast Satellite ("DBS") outdoor unit single-wire technology. Entropic has a rich history of innovation and deep expertise in RF, analog/mixed signal and digital signal processing technologies. Entropic's silicon solutions have been broadly deployed across major cable, satellite, and fiber service providers.

We believe our acquisition of Entropic will add significant scale to our analog/mixed-signal business, expanding our addressable market and enhancing the strategic value of our offerings to our broadband and access partners, OEM customers, and service providers.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based upon our financial statements which are prepared in accordance with accounting principles that are generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, related disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We continually evaluate our estimates and judgments, the most critical of which are those related to revenue recognition, business combinations, allowance for doubtful accounts, inventory valuation, production masks, income taxes, stock-based compensation, goodwill and intangible assets and impairment of goodwill and long-lived assets. We base our estimates and judgments on historical experience and other factors that we believe to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known.

Business Combinations

The Company applies the provisions of ASC 805, *Business Combinations*, in the accounting for its acquisitions. It requires the Company to recognize separately from goodwill the assets acquired and the liabilities assumed, at the acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, its estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of operations.

Costs to exit or restructure certain activities of an acquired company or the Company's internal operations are accounted for as termination and exit costs pursuant to ASC 420, *Exit or Disposal Cost Obligations*, and are accounted for separately from the business combination. A liability for costs associated with an exit or disposal activity is recognized and measured at its fair value in the consolidated statement of operations in the period in which the liability is incurred. When estimating the fair value of facility restructuring activities, assumptions are applied regarding estimated sub-lease payments to be received, which can differ materially from actual results. This may require the Company to revise its initial estimates which may materially affect the results of operations and financial position in the period the revision is made.

For a given acquisition, the Company may identify certain pre-acquisition contingencies as of the acquisition date and may extend its review and evaluation of these pre-acquisition contingencies throughout the measurement period in order to obtain sufficient information to assess whether the Company includes these contingencies as a part of the fair value estimates of assets acquired and liabilities assumed and, if so, to determine their estimated amounts.

If the Company cannot reasonably determine the fair value of a pre-acquisition contingency (non-income tax related) by the end of the measurement period, which is generally the case given the nature of such matters, the Company will recognize an asset or a liability for such pre-acquisition contingency if: (i) it is probable that an asset existed or a liability had been incurred at the acquisition date and (ii) the amount of the asset or liability can be reasonably estimated. Subsequent to the measurement period, changes in estimates of such contingencies will affect earnings and could have a material effect on results of operations and financial position.

In addition, uncertain tax positions and tax related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. The Company reevaluates these items quarterly based upon facts and circumstances that existed as of the acquisition date with any adjustments to the preliminary estimates being recorded to goodwill if identified within the measurement period. Subsequent to the measurement period or final determination of the tax allowance's or contingency's estimated value, whichever comes first, changes to these uncertain tax positions and tax related valuation allowances will affect the provision for income taxes in the consolidated statement of operations and could have a material impact on the results of operations and financial position.

There were no significant changes, other than the addition of business combinations, during the quarter ended June 30, 2015 to the items that we disclosed as our critical accounting policies and estimates in Note 1 to our consolidated financial statements for the year ended December 31, 2014 contained in the Annual Report on Form 10-K filed with the SEC on February 23, 2015, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 12, 2015.

Results of Operations

The following describes the line items set forth in our consolidated statements of operations.

Net Revenue. Net revenue is generated from sales of integrated radio frequency analog and mixed signal semiconductor solutions for broadband communication applications. A significant but declining portion of our end customers purchase products indirectly from us through distributors. Although we actually sell the products to, and are paid by, the distributors, we refer to these end customers as our customers.

Cost of Net Revenue. Cost of net revenue includes the cost of finished silicon wafers processed by third-party foundries; costs associated with our outsourced packaging and assembly, test and shipping; costs of personnel, including stock-based compensation, and equipment associated with manufacturing support, logistics and quality assurance; amortization of certain production mask costs; cost of production load boards and sockets; and an allocated portion of our occupancy costs.

Research and Development. Research and development expense includes personnel-related expenses, including stock-based compensation, new product engineering mask costs, prototype integrated circuit packaging and test costs, computer-aided design software license costs, intellectual property license costs, reference design development costs, development testing and evaluation costs, depreciation expense and allocated occupancy costs. Research and development activities include the design of new products, refinement of existing products and design of test methodologies to ensure compliance with required specifications. All research and development costs are expensed as incurred.

Selling, General and Administrative. Selling, general and administrative expense includes personnel-related expenses, including stock-based compensation, distributor and other third-party sales commissions, field application engineering support, travel costs, professional and consulting fees, legal fees, depreciation expense and allocated occupancy costs.

Restructuring Charges. Restructuring charges consist of employee severance and stock compensation expenses, software license contract impairment charges and lease and leasehold impairment charges related to our restructuring plan entered into as a result of our acquisition of Entropic.

Interest Income. Interest income consists of interest earned on our cash, cash equivalents and investment balances.

Other Income (Expense). Other income (expense) generally consists of income (expense) generated from non-operating transactions.

Provision (Benefit) for Income Taxes. We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expenses for tax and financial statement purposes and the realizability of assets in future years.

Comparison of the Unaudited Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2015 and 2014

The following table presents a comparison of each line item in the unaudited consolidated statements of operations as a percentage of revenue for the three and six months ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net revenue	100%	100%	100%	100%
Cost of net revenue	62	37	54	38
Gross profit	38	63	46	62
Operating expenses:				
Research and development	34	39	37	40
Selling, general and administrative	33	24	33	24
Restructuring charges	16	—	11	—
Total operating expenses	83	63	81	64
Loss from operations	(45)	—	(35)	(2)
Interest income	—	—	—	—
Other expense, net	—	—	—	—
Loss before provision for income taxes	(45)	—	(35)	(2)
Provision for income taxes	(2)	1	(1)	1
Net loss	(43)%	(1)%	(34)%	(3)%

Net Revenue

	Three Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	% Change	2015	2014	% Change
	(dollars in thousands)			(dollars in thousands)		
Operator	\$ 53,165	\$ 27,965	90 %	\$ 82,033	\$ 53,097	54 %
% of net revenue	75%	79%		77%	78%	
Infrastructure and other	5,155	7,627	(32)%	11,683	14,996	(22)%
% of net revenue	7%	21%		11%	22%	
Legacy video SoC	12,504	—	N/A	12,504	—	N/A
% of net revenue	18%	—		12%	—	
Total net revenue	\$ 70,824	\$ 35,592	99%	\$ 106,220	\$ 68,093	56 %

The acquisition of Entropic Communications has changed the composition, breadth and diversity of MaxLinear's technology portfolio. In particular, MoCA technologies have expanded MaxLinear's platform in cable, satellite, and telecommunications applications, and analog channel stacking solutions have expanded MaxLinear's presence in Direct Broadcast Satellite outdoor unit applications. In addition, the Company has increased its investment in new technology development targeting infrastructure markets, while reducing its investments into retail-oriented and legacy technologies such as terrestrial tuners, hybrid TV tuners, and legacy video processing technologies. As a result of these changes, MaxLinear has realigned its revenue composition with its strategic investment focus and platform presence. The Company has illustrated these changes with the market terms operator, infrastructure and other, and legacy video SoC.

Within the operator category, the primary contributors are MaxLinear's broadband RF receivers, MoCA connectivity solutions, and analog and digital channel stacking satellite outdoor unit solutions. Within the infrastructure and other category, the primary revenue contributors are hybrid TV tuners and terrestrial set-top box TV tuners for DTA's that are sold through retail channels, high-speed interconnect products for the data center, metro, and long haul markets, and access technologies for last mile high-speed data access and distribution solutions for multi-dwelling units. The legacy video SoC category includes video processing technologies used primarily in cable high definition digital-to-analog converters and other client IP devices; consistent with Entropic's previously announced plans, MaxLinear intends to support existing product shipments in this market but does not plan to use its resources to expand the legacy SoC technology portfolio.

The increase in net revenue in the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, was primarily due to \$25.2 million of growth in operator applications, contributed primarily by analog channel-stacking ("aCSS") and MoCA products related to our Entropic acquisition, as well as organic growth across each of our other operator sub-categories. Growth of \$12.5 million in our legacy video SoC products was attributable to our acquisition of Entropic. Declines in infrastructure and other revenues of \$2.5 million were driven by hybrid-TV and consumer digital-to-analog terrestrial set-top box applications.

The increase in net revenue in the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, was primarily due to \$28.9 million of growth in operator applications, contributed primarily by analog channel-stacking and MoCA products related to our Entropic acquisition, as well as organic growth across each of our other operator sub-categories. Growth of \$12.5 million in our legacy video SoC products was attributable to our acquisition of Entropic. Declines in terrestrial revenue of \$3.3 million were driven by hybrid-TV and consumer digital-to-analog terrestrial set-top box applications.

Cost of Net Revenue and Gross Profit

	Three Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	% Change	2015	2014	% Change
	(dollars in thousands)			(dollars in thousands)		
Cost of net revenue	\$ 43,882	\$ 13,346	229%	\$ 57,607	\$ 25,794	123%
% of net revenue	62%	37%		54%	38%	
Gross profit	26,942	22,246	21%	48,613	42,299	15%
% of net revenue	38%	63%		46%	62%	

The decline in the gross profit percentage for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, was primarily due to revaluation of inventory amortization of \$13.3 million and amortization of intellectual property costs of \$1.0 million related to the Entropic acquisition. To a lesser extent, the decline in gross margin was also driven by the growth in Entropic-related products, which have historically generated lower gross margin than our previous corporate average.

The decline in the gross profit percentage for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, was primarily due to revaluation of inventory amortization of \$13.3 million and amortization of intellectual property costs of \$1.0 million related to the Entropic acquisition. To a lesser extent, the decline in gross margin was also driven by the growth in Entropic-related products, which have historically generated lower gross margin than our previous corporate average.

We currently expect that gross profit percentage will fluctuate in the future, from quarter-to-quarter, based on changes in product mix, average selling prices, and average manufacturing costs.

Research and Development

	Three Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	% Change	2015	2014	% Change
	(dollars in thousands)			(dollars in thousands)		
Research and development	\$ 23,993	\$ 13,892	73%	\$ 39,274	\$ 26,987	46%
% of net revenue	34%	39%		37%	40%	

The increase in research and development expense for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, was primarily due to an increase in headcount-related items (including stock-based compensation) of \$5.3 million and the combined increases in design tools, prototype, and occupancy expenses of \$3.5 million.

The increase in research and development expense for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, was primarily due to an increase in headcount-related items (including stock-based compensation) of \$6.0 million, combined increases in design tools, prototype, and occupancy expenses of \$4.2 million, and severance expenses related to our exit of R&D related activities in Shanghai, China of \$0.7 million.

We expect our research and development expenses to increase as we continue to focus on expanding our product portfolio and enhancing existing products.

Selling, General and Administrative

	Three Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	% Change	2015	2014	% Change
	(dollars in thousands)			(dollars in thousands)		
Selling, general and administrative	\$ 23,620	\$ 8,688	172%	\$ 34,564	\$ 16,449	110%
% of net revenue	33%	24%		33%	24%	

The increase in selling, general and administrative expense in the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, was primarily due to transaction costs of \$2.8 million and amortization of purchased intangible assets of \$8.0 million associated with our Entropic acquisition, an increase in headcount-related items (including stock-based compensation) of \$1.6 million and an increase in outside services and occupancy expenses of \$0.9 million.

The increase in selling, general and administrative expense in the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, was primarily due to transaction costs of \$5.3 million and amortization of purchased intangible assets of \$8.0 million associated with our Entropic acquisition, an increase in headcount-related items (including stock-based compensation) of \$1.8 million and an increase in outside services and occupancy expenses of \$0.9 million.

We expect selling, general and administrative expenses to increase in the future as we expand our sales and marketing organization to enable expansion into existing and new markets and continue to build our international administrative infrastructure.

Restructuring charges

	Three Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	% Change	2015	2014	% Change
	(dollars in thousands)			(dollars in thousands)		
Restructuring charges	\$ 11,389	\$ —	N/A	\$ 11,389	\$ —	N/A
% of net revenue	16%	—%		11%	—%	

Restructuring charges in the three and six months ended June 30, 2015 consist of employee severance and stock compensation expenses and lease and leasehold impairment charges related to our restructuring plan entered into as a result of our acquisition of Entropic.

Interest and Other Income (Expense)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(dollars in thousands)		(dollars in thousands)	
Interest income	\$ 51	\$ 60	\$ 121	\$ 121
Other expense, net	(22)	(18)	(56)	(30)

Interest income decreased in the three months ended June 30, 2015 due to normal fluctuations in cash equivalent and investment balances and interest rates. Interest income remained steady in the six months ended June 30, 2015 compared to the six months ended June 30, 2014. Other expense, net in the three and six months ended June 30, 2015 and 2014 consisted primarily of losses on foreign currency transactions and investment management fees.

Provision (Benefit) for Income Taxes

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(dollars in thousands)		(dollars in thousands)	
Provision for (benefit from) income taxes	\$ (1,384)	\$ 320	\$ (1,180)	\$ 428

The benefit from income taxes for the three months ended June 30, 2015 was \$1.4 million or approximately 4.3% of pre-tax loss compared to a provision for income taxes of \$0.3 million or approximately (109.6)% for the three months ended June 30, 2014. The benefit from income taxes for the six months ended June 30, 2015 was \$1.2 million or approximately 3.2% of pre-tax loss compared to a provision for income taxes of \$0.4 million or approximately (40.9)% for the six months ended June 30, 2014.

The benefit from income taxes for the six months ended June 30, 2015 and 2014 primarily relates to income tax in foreign jurisdictions as well as accruals for tax contingencies. We continue to maintain a valuation allowance to offset the federal and California deferred tax assets as realization of such assets does not meet the more-likely-than-not threshold required under accounting guidelines. We will continue to assess the need for a valuation allowance on the deferred tax assets by evaluating positive and negative evidence that may exist. Until such time that we remove the valuation allowance against our federal and California deferred tax assets, our provision for income taxes will primarily consist of taxes associated with our foreign subsidiaries. Additionally, the Company completed the acquisition of Entropic Communications in the second quarter of 2015. As a result of the acquisition, there was a valuation allowance release resulting in a tax benefit of \$1.9 million due to the purchase accounting adjustment for the net deferred tax liability acquired. Furthermore, we do not incur expense or benefit in certain tax free jurisdictions in which we operate.

Income tax expense in the foreign jurisdictions in which we are subject to tax is expected to remain relatively constant due to the cost plus nature of these entities and the relatively consistent operating expenses in each jurisdiction. Fluctuations in world-wide income occur mostly outside of these jurisdictions and therefore have an insignificant effect on our provision for income taxes. We expect this relationship to continue until the time that we either recognize all or a portion of our federal and California deferred tax assets or implement changes to our global operations.

Liquidity and Capital Resources

As of June 30, 2015, we had cash and cash equivalents of \$56.7 million, short- and long-term investments of \$25.3 million, and net accounts receivable of \$41.6 million.

Following is a summary of our working capital and cash and cash equivalents and investments as of June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
	(in thousands)	
Working capital	\$ 84,813	\$ 67,668
Cash and cash equivalents	\$ 56,731	\$ 20,696
Short-term investments	16,638	48,399
Long-term investments	8,706	10,256
Total cash and cash equivalents and investments	\$ 82,075	\$ 79,351

We paid \$111.1 million in cash to fund the cash portion of the consideration payable by us in connection with our acquisition of Entropic.

Cash Flows from Operating Activities

Net cash provided by operating activities was \$8.4 million for the six months ended June 30, 2015. Net cash provided by operating activities primarily consisted of \$41.0 million in non-cash operating expenses and \$2.8 million in changes in operating assets and liabilities, partially offset by a net loss of \$35.4 million. Non-cash items included in net loss for the six months ended June 30, 2015 included depreciation and amortization expense of \$13.9 million, amortization of net investment premiums of \$0.2 million, amortization of inventory step-up of 13.3 million, stock-based compensation of \$10.0 million and impairment of lease of \$5.6 million.

Net cash provided by operating activities was \$11.6 million for the six months ended June 30, 2014. Net cash provided by operating activities primarily consisted of \$9.7 million in non-cash operating expenses and \$3.4 million in changes in operating assets and liabilities, partially offset by a net loss of \$1.5 million. Non-cash items included in net loss for the six months ended June 30, 2014 included depreciation and amortization expense of \$2.2 million, amortization of net investment premiums of \$0.4 million and stock-based compensation of \$7.1 million.

Cash Flows from Investing Activities

Net cash provided by investing activities was \$28.1 million for the six months ended June 30, 2015. Net cash provided by investing activities consisted of \$53.1 million in maturities of securities, offset by \$3.6 million cash used our acquisition of Entropic, \$20.0 million in purchases of securities and \$1.5 million in purchases of property and equipment. Net cash used in investing activities was \$5.4 million for the six months ended June 30, 2014. Net cash used in investing activities consisted of \$29.8 million in purchases of securities and \$4.6 million in purchases of property and equipment, offset by \$29.0 million in maturities of securities.

Cash Flows from Financing Activities

Net cash used in financing activities for the six months ended June 30, 2015 consisted primarily of \$3.5 million in net proceeds from issuance of common stock, offset by \$3.2 million in minimum tax withholding paid on behalf of employees for restricted stock units, deferred issuance costs of \$0.7 million and repurchases of common stock of \$0.1 million. Net cash used in financing activities for the six months ended June 30, 2014 consisted primarily of \$1.6 million in net proceeds from issuance of common stock, offset by \$3.0 million in minimum tax withholding paid on behalf of employees for restricted stock units.

We believe that our \$56.7 million of cash and cash equivalents and \$25.3 million in short- and long-term investments at June 30, 2015 will be sufficient to fund our projected operating requirements for at least the next twelve months. Our cash and cash equivalents as of June 30, 2015 have been favorably affected by our implementation of an equity-based bonus program. In connection with that bonus program, in May 2015, we issued 0.2 million freely-tradable shares of our Class A common stock in settlement of bonus awards for the fiscal 2014 performance period under our bonus plan. In May 2014, we issued 0.6 million freely-tradable shares of our Class A common stock in settlement of bonus awards for the fiscal 2013 performance period under our bonus plan. We expect to implement a similar equity-based plan for fiscal 2015, but our compensation committee retains discretion to effect payment in cash, stock, or a combination of cash and stock.

Notwithstanding the foregoing, we may need to raise additional capital or incur additional indebtedness to continue to fund our operations in the future. Our future capital requirements will depend on many factors, including our rate of revenue growth, the expansion of our engineering, sales and marketing activities, the timing and extent of our expansion into new territories, the timing of introductions of new products and enhancements to existing products, the continuing market acceptance of our products and potential material investments in, or acquisitions of, complementary businesses, services or technologies. Additional funds may not be available on terms favorable to us or at all. If we are unable to raise additional funds when needed, we may not be able to sustain our operations.

Warranties and Indemnifications

In connection with the sale of products in the ordinary course of business, we often make representations affirming, among other things, that our products do not infringe on the intellectual property rights of others, and agree to indemnify customers against third-party claims for such infringement. Further, our certificate of incorporation and bylaws require us to indemnify our officers and directors against any action that may arise out of their services in that capacity, and we have also entered into indemnification agreements with respect to all of our directors and certain controlling persons.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, or SPEs, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of June 30, 2015, we were not involved in any unconsolidated SPE transactions.

Contractual Obligations

At June 30, 2015, future minimum payments under non-cancelable operating leases, other obligations and inventory purchase obligations are as follows:

	Operating Leases	Other Obligations	Inventory Purchase Obligations
2015 (remaining six months)	\$ 3,803	\$ 6,465	\$ 30,160
2016	7,430	11,362	—
2017	6,001	4,687	—
2018	5,056	700	—
2019	4,774	—	—
Thereafter	12,916	—	—
Total minimum payments:	\$ 39,980	\$ 23,214	\$ 30,160

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

To date, our international customer and vendor agreements have been denominated almost exclusively in United States dollars. Accordingly, we have limited exposure to foreign currency exchange rates and do not enter into foreign currency hedging transactions. The functional currency of certain foreign subsidiaries is the local currency. Accordingly, the effects of exchange rate fluctuations on the net assets of these foreign subsidiaries' operations are accounted for as translation gains or losses in accumulated other comprehensive income within stockholders' equity. We do not believe that a change of 10% in such foreign currency exchange rates would have a material impact on our financial position or results of operations.

Interest Rate Risk

We had cash and cash equivalents of \$56.7 million at June 30, 2015 which was held for working capital purposes. We do not enter into investments for trading or speculative purposes. We do not believe that we have any material exposure to changes in the fair value of these investments as a result of changes in interest rates due to their short-term nature. Declines in interest rates, however, will reduce future investment income.

Investments Risk

Our investments, consisting of U.S. Treasury and agency obligations and corporate notes and bonds, are stated at cost, adjusted for amortization of premiums and discounts to maturity. In the event that there are differences between fair value and cost in any of our available-for-sale securities, unrealized gains and losses on these investments are reported as a separate component of accumulated other comprehensive income (loss).

Investments in fixed rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their market value adversely impacted due to rising interest rates. Due in part to these factors, our future investment income may fall short of expectations due to changes in interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports filed with the SEC is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and no evaluation of controls and procedures can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to filing this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report.

Changes in Internal Control over Financial Reporting

On April 30, 2015, we acquired Entropic and, as a result, we have begun integrating the processes, systems and controls relating to Entropic into our existing system of internal control over financial reporting in accordance with our integration plans. Except for the processes, systems and controls relating to the integration of Entropic, there have not been any changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act during the second quarter ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Entropic Communications Merger Litigation

The Delaware Actions

Beginning on February 9, 2015, eleven stockholder class action complaints (captioned *Langholz v. Entropic Communications, Inc., et al.*, C.A. No. 10631-VCP (filed Feb. 9, 2015); *Tomblin v. Entropic Communications, Inc.*, C.A. No. 10632-VCP (filed Feb. 9, 2015); *Crill v. Entropic Communications, Inc., et al.*, C.A. No. 10640-VCP (filed Feb. 11, 2015); *Wohl v. Entropic Communications, Inc., et al.*, C.A. No. 10644-VCP (filed Feb. 11, 2015); *Parshall v. Entropic Communications, Inc., et al.*, C.A. No. 10652-VCP (filed Feb. 12, 2015); *Saggar v. Padval, et al.*, C.A. No. 10661-VCP (filed Feb. 13, 2015); *Iyer v. Tewksbury, et al.*, C.A. No. 10665-VCP (filed Feb. 13, 2015); *Respler v. Entropic Communications, Inc., et al.*, C.A. No. 10669-VCP (filed Feb. 17, 2015); *Gal v. Entropic Communications, Inc., et al.*, C.A. No. 10671-VCP (filed Feb. 17, 2015); *Werbowsky v. Padval, et al.*, C.A. No. 10673-VCP (filed Feb. 18, 2015); and *Agosti v. Entropic Communications, Inc.*, C.A. No. 10676-VCP (filed Feb. 18, 2015)) were filed in the Court of Chancery of the State of Delaware on behalf of a putative class of Entropic Communications, Inc. stockholders. The complaints name Entropic, the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC as defendants. The complaints generally allege that, in connection with the proposed acquisition of Entropic by MaxLinear, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that Entropic, MaxLinear, and/or the merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The complaints seek, among other things, an order enjoining the defendants from consummating the proposed transaction, an order declaring the merger agreement unlawful and unenforceable, in the event that the proposed transaction is consummated, an order rescinding it and setting it aside or awarding rescissory damages to the class, imposition of a constructive trust, damages, and/or attorneys' fees and costs.

On March 27, 2015, plaintiffs Ankur Saggar, Jon Werbowsky, and Angelo Agosti filed an amended class action complaint. Also on March 27, 2015, plaintiffs Martin Wohl and Jeffrey Park filed an amended class action complaint. On April 1, 2015, plaintiff Mark Respler filed an amended class action complaint.

On April 16, 2015, the Court entered an order consolidating the Delaware actions, captioned *In re Entropic Communications, Inc. Consolidated Stockholders Litigation*, C.A. No. 10631-VCP (the "Consolidated Action"). The April 16, 2015 order appointed plaintiffs Rama Iyer and Jon Werbowsky as Co-Lead Plaintiffs and designated the amended complaint filed by plaintiffs Ankur Saggar, Jon Werbowsky, and Angelo Agosti as the operative complaint (the "Amended Complaint").

The Amended Complaint names as defendants Entropic, the board of directors of Entropic, the Company, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC. The Amended Complaint generally alleges that, in connection with the proposed acquisition of Entropic by the Company, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to maximize the value of Entropic to its stockholders, engaging in a purportedly unfair and conflicted sale process, agreeing to allegedly preclusive deal protection devices in the merger agreement, and allegedly misrepresenting and/or failing to disclose all material information in connection with the proposed transaction. The Amended Complaint further alleges that the Company and the merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The Amended Complaint seeks, among other things: an order declaring the merger agreement unlawful and unenforceable, an order rescinding, to the extent already implemented, the merger agreement, an order enjoining defendants from consummating the proposed transaction, imposition of a constructive trust, and attorneys' and experts' fees and costs.

On April 24, 2015, the parties to the Consolidated Action entered into a memorandum of understanding regarding a proposed settlement of the Delaware actions. The proposed settlement is subject to negotiation of the settlement papers by the parties and is subject to court approval after notice and an opportunity to object is provided to the proposed settlement class. There can be no assurance that the parties will reach agreement regarding the final terms of the settlement agreement or that the Court of Chancery will approve the settlement.

CrestaTech Litigation

On January 21, 2014, CrestaTech Technology Corporation, or CrestaTech, filed a complaint for patent infringement against us in the United States District Court of Delaware (the “District Court Litigation”). In its complaint, CrestaTech alleges that we infringe U.S. Patent Nos. 7,075,585 (the “’585 Patent”) and 7,265,792. In addition to asking for compensatory damages, CrestaTech alleges willful infringement and seeks a permanent injunction. CrestaTech also names Sharp Corporation, Sharp Electronics Corp. and VIZIO, Inc. as defendants based upon their alleged use of our television tuners. On January 28, 2014, CrestaTech filed a complaint with the U.S. International Trade Commission, or ITC, again naming us, Sharp, Sharp Electronics, and VIZIO (“the “ITC Investigation”). On May 16, 2014 the ITC granted CrestaTech’s motion to file an amended complaint adding six OEM Respondents, namely, SIO International, Inc., Hon Hai Precision Industry Co., Ltd., Wistron Corp., Wistron Infocomm Technology (America) Corp., Top Victory Investments Ltd. and TPV International (USA), Inc. (collectively, with us, Sharp and VIZIO, the “Company Respondents”). CrestaTech’s ITC complaint alleges a violation of 19 U.S.C. § 1337 through the importation into the United States, the sale for importation, or the sale within the United States after importation of the Company’s accused products that CrestaTech alleges infringe the same two patents asserted in the Delaware action. Through its ITC complaint, CrestaTech seeks an exclusion order preventing entry into the United States of certain of our television tuners and televisions containing such tuners from Sharp, Sharp Electronics, and VIZIO. CrestaTech also seeks a cease and desist order prohibiting the Company Respondents from engaging in the importation into, sale for importation into, the sale after importation of, or otherwise transferring within the United States certain of the Company’s television tuners or televisions containing such tuners.

On December 1-5, 2014, the ITC held a trial in the ITC Investigation. On February 27, 2015, the Administrative Law Judge issued a written Initial Determination (“ID”), ruling that the Company Respondents do not violate Section 1337 in connection with CrestaTech’s asserted patents because CrestaTech failed to satisfy the economic prong of the domestic industry requirement pursuant to Section 1337(a) (2). In addition, the ID stated that certain of the Company’s television tuners and televisions incorporating those tuners manufactured and sold by certain customers infringe three claims of the ‘585 Patent, and these three claims were not determined to be invalid. On April 30, 2015, the ITC issued a notice indicating that it intended to review portions of the ID finding no violation of Section 1337, including the ID’s findings of infringement with respect to, and validity of, the ‘585 Patent, and the ID’s finding that CrestaTech failed to establish the existence of a domestic industry within the meaning of Section 1337. The Commission has requested additional briefing from the parties on certain issues under review, and the target date for completing the ITC investigation was June 29, 2015, which has since been revised to August 19, 2015. The District Court Litigation is currently stayed pending resolution of the ITC Investigation.

In addition, the Company has filed four petitions for *inter partes* review of the two asserted CrestaTech patents, including the three claims that the ID stated the Company infringed and that were not determined to be invalid. The Patent Trial and Appeal Board has decided not to institute one IPR as being redundant to another IPR already underway for the same CrestaTech patent in front of the PTAB (not including the three claims mentioned above), and will likely decide whether to institute review proceedings on the remaining three in or about Q3 2015.

In view of the initial ruling in the ITC Investigation of no violation, we have not recorded an accrual for loss contingencies associated with the litigation; determined that an unfavorable outcome is probable or reasonably possible; or determined that the amount or range of any possible loss is reasonably estimable.

Other Matters

In addition, from time to time, we are subject to threats of litigation or actual litigation in the ordinary course of business, some of which may be material. Other than the Entropic and CrestaTech litigation described above, we believe that there are no other currently pending matters that, if determined adversely to us, would have a material effect on our business or that would not be covered by our existing liability insurance maintained by us.

ITEM 1A. RISK FACTORS

This Quarterly Report on Form 10-Q, or Form 10-Q, including any information incorporated by reference herein, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, referred to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “intend,” “forecast,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue” or the negative of these terms or other comparable terminology. The forward-looking statements contained in this Form 10-Q involve known and unknown risks, uncertainties and situations that may cause our or our industry’s actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. These factors include those listed below in this Item 1A and those discussed elsewhere in this Form 10-Q. We encourage investors to review these factors carefully. We may from time to time make additional written and oral forward-looking statements, including statements contained in our filings with the SEC. However, we do not undertake to update any forward-looking statement that may be made from time to time by or on behalf of us.

Before you invest in our securities, you should be aware that our business faces numerous financial and market risks, including those described below, as well as general economic and business risks. The following discussion provides information concerning the material risks and uncertainties that we have identified and believe may adversely affect our business, our financial condition and our results of operations. Before you decide whether to invest in our securities, you should carefully consider these risks and uncertainties, together with all of the other information included in this Quarterly Report on Form 10-Q, the Annual Report on Form 10-K we filed on February 23, 2015, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 12, 2015, and in our other public filings.

On April 30, 2015, we completed our acquisition of Entropic Communications, Inc., or Entropic, and promptly following such acquisition, Entropic merged with and into Excalibur Subsidiary, LLC, with Excalibur Subsidiary, LLC continuing as the surviving entity and changing its name to Entropic Communications, LLC. For the risks relating to our acquisition of Entropic, please refer to the section of these risk factors captioned “Risks Relating to Our Recent Acquisition of Entropic.”

Risks Relating to Our Recent Acquisition of Entropic

Actual financial and operating results could differ materially from any expectations or guidance provided by us concerning future results, including (without limitation) expectations or guidance with respect to the financial impact of any cost savings and other potential synergies resulting from our acquisition of Entropic.

We currently expect to realize material cost savings and other synergies as a result of our acquisition of Entropic, and as a result, we currently believe that the acquisition will be accretive to our earnings per share, excluding upfront non-recurring charges, transaction related expenses, and the amortization of purchased intangible assets. The expectations and guidance we have provided with respect to the potential financial impact of the acquisition are subject to numerous assumptions, however, including assumptions derived from our diligence efforts concerning the status of and prospects for Entropic’s business, and assumptions relating to the near-term prospects for the semiconductor industry generally and the markets for Entropic’s products in particular. Additional assumptions we have made relate to numerous matters, including (without limitation) the following:

- projections of Entropic’s future revenues;
- the anticipated financial performance of Entropic’s products and products currently in development;
- anticipated cost savings and other synergies associated with the acquisition, including potential revenue synergies;
- the amount of goodwill and intangibles that will result from the acquisition;
- certain other purchase accounting adjustments that we have recorded in our financial statements in connection with the acquisition;
- acquisition costs, including restructuring charges and transactions costs payable to our financial, legal, and accounting advisors;
- our ability to maintain, develop, and deepen relationships with customers of Entropic;
and

We cannot provide any assurances with respect to the accuracy of our assumptions, including our assumptions with respect to future revenues or revenue growth rates, if any, of Entropic, and we cannot provide assurances with respect to our ability to realize the cost savings that we currently anticipate. Risks and uncertainties that could cause our actual results to differ materially from currently anticipated results include, but are not limited to, risks relating to our ability to integrate Entropic successfully; currently unanticipated additional incremental costs that we may incur in connection with integrating the two companies; risks relating to our ability to continue to realize incremental revenues from the acquisition in the amounts that we currently anticipate; risks relating to the willingness of Entropic's customers and other partners to continue to conduct business with MaxLinear; and numerous risks and uncertainties that affect the semiconductor industry generally and the markets for our products and those of Entropic specifically. Any failure to integrate Entropic successfully and to continue to realize the financial benefits we currently anticipate from the acquisition would have a material adverse impact on our future operating results and financial condition and could materially and adversely affect the trading price or trading volume of our Class A common stock.

Failure to integrate our business and operations successfully with those of Entropic in the expected time-frame or otherwise may adversely affect our operating results and financial condition.

We do not have a substantial history of acquiring other companies and have never pursued an acquisition of the size and complexity of Entropic. The success of the acquisition of Entropic will depend, in substantial part, on our ability to integrate Entropic's business and operations successfully with those of MaxLinear and to realize fully the anticipated benefits and potential synergies from combining our companies, including, among others, cost savings from eliminating duplicative functions; operational efficiencies in our respective supply chains and in research and development investments; and revenue growth resulting from the addition of Entropic's product portfolio. If we are unable to achieve these objectives, the anticipated benefits and potential synergies from the acquisition may not be realized fully or at all, or may take longer to realize than expected. Any failure to timely realize these anticipated benefits would have a material adverse effect on our business, operating results, and financial condition.

We completed our acquisition of Entropic in April 2015 and have only begun the integration process. In connection with the integration process, we could experience the loss of key employees, loss of key customers, decreases in revenues and increases in operating costs, as well as the disruption of our ongoing businesses, any or all of which could limit our ability to achieve the anticipated benefits and potential synergies from the acquisition and have a material adverse effect on our business, operating results, and financial condition.

Our business relationships, including customer relationships, and those of Entropic may be subject to disruption due to uncertainty associated with the acquisition.

In response to the completion of the acquisition, customers, vendors, licensors, and other third parties with whom we or Entropic do business or otherwise have relationships may experience uncertainty associated with the acquisition, and this uncertainty could materially affect their decisions with respect to existing or future business relationships with us. Moreover, with respect to Entropic's prior acquisition of certain television and set-top box assets from Trident Microsystems, Inc. ("Trident"), we were unable to conduct substantial diligence with respect to certain licenses and intellectual property rights because Entropic acquired these assets through Trident's bankruptcy proceedings. As a result, we are in many instances unable to evaluate the impact of the acquisition on certain assumed contract rights and obligations, including intellectual property rights.

These business relationships may be subject to disruption as customers and others may elect to delay or defer purchase or design-win decisions or switch to other suppliers due to the uncertainty about the direction of our offerings, any perceived unwillingness on our part to support existing Entropic products, or any general perceptions by customers or other third parties that impute operational or business challenges to us arising from the acquisition. In addition, customers or other third parties may attempt to negotiate changes in existing business relationships, which may result in additional obligations imposed on us. These disruptions could have a material adverse effect on our business, operating results, and financial condition. Any loss of customers, customer products, design win opportunities, or other important strategic relationships could have a material adverse effect on our business, operating results, and financial condition and could have a material and adverse effect on the trading price or trading volume of our Class A common stock.

We have incurred and expect to continue to incur substantial expenses related to the integration of MaxLinear and Entropic.

We have incurred and expect to continue to incur substantial expenses in connection with integrating the operations, technologies, and business systems of MaxLinear and Entropic. Business systems integration between the two companies

requires, and we expect it to continue to require into the foreseeable future, substantial management attention, including integration of information management, purchasing, accounting and finance, sales, payroll and benefits systems and regulatory compliance functions. Numerous factors beyond our control could affect the total cost or the timing of expected integration expenses. Moreover, many of the expenses that will be incurred are by their nature difficult to estimate accurately at the present time. These expenses could, particularly in the near term, reduce the savings that we expect to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses. These integration expenses have resulted in MaxLinear's taking significant charges against earnings following the completion of the acquisition.

We have recorded goodwill that could become impaired and adversely affect our future operating results.

The acquisition is accounted for as an acquisition by MaxLinear in accordance with accounting principles generally accepted in the United States. Under the acquisition method of accounting, the assets and liabilities of Entropic have been recorded, as of completion, at their respective fair values and added to our assets and liabilities. Our reported financial condition and results of operations after completion of the acquisition reflect Entropic's balances and results but are not restated retroactively to reflect the historical financial position or results of operations of Entropic for periods prior to the acquisition. As a result, comparisons of future results against prior period results will be more difficult for investors.

Under the acquisition method of accounting, the total purchase price is allocated to Entropic's tangible assets and liabilities and identifiable intangible assets based on their fair values as of the date of completion of the acquisition. The excess of the purchase price over those fair values is recorded as goodwill. The acquisition has resulted in the creation of goodwill based upon the application of the acquisition method of accounting. To the extent the value of goodwill or intangibles becomes impaired, we may be required to incur material charges relating to such impairment. Any such impairment charge could have a material impact on our operating results in future periods, and the announcement of a material impairment could have an adverse effect on the trading price and trading volume of our Class A common stock.

Risks Related to Our Business

We face intense competition and expect competition to increase in the future, which could have an adverse effect on our revenue, revenue growth rate, if any, and market share.

The global semiconductor market in general, and the RF receiver market in particular, are highly competitive. We compete in different target markets to various degrees on the basis of a number of principal competitive factors, including our products' performance, features and functionality, energy efficiency, size, ease of system design, customer support, product roadmap, reputation, reliability and price, as well as on the basis of our customer support, the quality of our product roadmap and our reputation. We expect competition to increase and intensify as more and larger semiconductor companies as well as the internal resources of large, integrated original equipment manufacturers, or OEMs, enter our markets. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could materially and adversely affect our business, revenue, revenue growth rates and operating results.

As our products are integrated into a variety of electronic devices, we compete with suppliers of both can tuners and traditional silicon RF receivers, and with providers of physical medium devices for optical interconnect markets. Our competitors range from large, international companies offering a wide range of semiconductor products to smaller companies specializing in narrow markets and internal engineering groups within television, set top box, data modems and gateway, satellite low-noise blocker, and optical module manufacturers, some of which may be our customers. Our primary competitors include Silicon Labs, NXP B.V., RDA Microelectronics, Inc., Broadcom Corporation, Rafael Microelectronics, Inc., and Inphi, M/A-COM, Semtech, and Qorvo for our new initiatives into the optical interconnect markets. It is quite likely that competition in the markets in which we participate will increase in the future as existing competitors improve or expand their product offerings. In addition, it is quite likely that a number of other public and private companies are in the process of developing competing products for digital television and other broadband communication applications. Because our products often are building block semiconductors which provide functions that in some cases can be integrated into more complex integrated circuits, we also face competition from manufacturers of integrated circuits, some of which may be existing customers that develop their own integrated circuit products. If we cannot offer an attractive solution for applications where our competitors offer more fully integrated tuner/demodulator/video processing products, we may lose significant market share to our competitors. Certain of our competitors have fully integrated tuner/demodulator/video processing solutions targeting high performance cable, satellite, or DTV applications, and thereby potentially provide customers with smaller and cheaper solutions. Some of our targeted customers for our optical interconnect solutions are module makers who are vertically integrated, where we compete with internally supplied components.

Our ability to compete successfully depends on elements both within and outside of our control, including industry and general economic trends. During past periods of downturns in our industry, competition in the markets in which we operate intensified as manufacturers of semiconductors reduced prices in order to combat production overcapacity and high inventory levels. Many of our competitors have substantially greater financial and other resources with which to withstand similar adverse economic or market conditions in the future. Moreover, the competitive landscape is changing as a result of consolidation within our industry as some of our competitors have merged with or been acquired by other competitors, and other competitors have begun to collaborate with each other. These developments may materially and adversely affect our current and future target markets and our ability to compete successfully in those markets.

We depend on a limited number of customers, that have undergone or are subject to pending consolidation and who themselves are dependent on a consolidating set of service provider customers, for a substantial portion of our revenue, and the loss of, or a significant reduction in orders from one or more of our major customers could have a material adverse effect on our revenue and operating results.

For fiscal 2013, one customer accounted for approximately 28% of our net revenue, and our ten largest customers collectively accounted for approximately 72% of our net revenue. For fiscal 2014, one customer accounted for approximately 31% of our net revenue, and our ten largest customers collectively accounted for approximately 67% of our net revenue. For the six months ended June 30, 2015, two customers accounted for 44% of our net revenue, and our ten largest customers accounted for 75% of our net revenue. Our operating results for the foreseeable future will continue to depend on sales to a relatively small number of customers and on the ability of these customers to sell products that incorporate our RF receivers or RF receiver SoCs, digital STB video SoC's, DBS-ODU CSS, and MoCA® connectivity solutions. In the future, these customers may decide not to purchase our products at all, may purchase fewer products than they did in the past, or may defer or cancel purchases or otherwise alter their purchasing patterns. Factors that could affect our revenue from these large customers include the following:

- substantially all of our sales to date have been made on a purchase order basis, which permits our customers to cancel, change or delay product purchase commitments with little or no notice to us and without penalty;
- some of our customers have sought or are seeking relationships with current or potential competitors which may affect their purchasing decisions; and
- service provider and OEM consolidation across cable, satellite, and fiber markets could result in significant changes to our customers' technology development and deployment priorities and roadmaps, which could affect our ability to forecast demand accurately and could lead to increased volatility in our business.

In addition, delays in development could impair our relationships with our strategic customers and negatively impact sales of the products under development. Moreover, it is possible that our customers may develop their own product or adopt a competitor's solution for products that they currently buy from us. If that happens, our sales would decline and our business, financial condition and results of operations could be materially and adversely affected.

Our relationships with some customers may deter other potential customers who compete with these customers from buying our products. To attract new customers or retain existing customers, we may offer these customers favorable prices on our products. In that event, our average selling prices and gross margins would decline. The loss of a key customer, a reduction in sales to any key customer or our inability to attract new significant customers could seriously impact our revenue and materially and adversely affect our results of operations.

A significant portion of our revenue is attributable to demand for our products in markets for broadband and pay-TV operator applications, and consolidation among cable and satellite television operators could adversely affect our future revenues and operating results.

For fiscal 2013, revenue directly attributable to cable and satellite operator applications accounted for approximately 68% of our net revenue. For fiscal 2014, revenue directly attributable to these applications accounted for approximately 65% of our net revenue. For the six months ended June 30, 2015, revenue directly attributable to operator applications accounted for approximately 77% of our net revenue. We currently expect this revenue contribution dynamic among operator, infrastructure and other and legacy SoC applications to be relatively consistent for the remainder of 2015. Delays in the development of, or unexpected developments in the operator applications markets could have an adverse effect on order activity by manufacturers in these markets and, as a result, on our business, revenue, operating results and financial condition. In addition, consolidation trends among television operators may continue, which could have a material adverse effect on our future operating results and financial condition.

If we fail to penetrate new markets, specifically the market for satellite set-top and gateway boxes and outdoor units, our revenue, revenue growth rate, if any, and financial condition could be materially and adversely affected.

Currently, we sell most of our products to manufacturers of applications for television, broadband voice and data modems and gateways, and pay-TV set-top boxes and gateways, and to Chinese manufacturers of terrestrial set top boxes for sale in various markets worldwide. Our future revenue growth, if any, will depend in part on our ability to expand beyond these markets with our RF receivers and RF receiver SoCs, and we have targeted the market for satellite set-top and gateway boxes and outdoor units as one of our next market opportunities. Each of these markets presents distinct and substantial risks. If any of these markets do not develop as we currently anticipate, or if we are unable to penetrate them successfully, it could materially and adversely affect our revenue and revenue growth rate, if any.

We expect broadband data modems/gateways and pay-TV and satellite set top boxes and video gateways to represent our largest North American and European target market. The North American and European pay-TV set top box market is dominated by only a few OEMs, including Cisco Systems, Inc., Arris Group, Inc., Pace plc, Humax Co., Ltd., Samsung Electronics Co., Ltd., and Technicolor S.A. These OEMs are large, multinational corporations with substantial negotiating power relative to us. Securing design wins with any of these companies requires a substantial investment of our time and resources. Even if we succeed, additional testing and operational certifications will be required by the OEMs' customers, which include large pay-TV television companies such as Comcast Corporation, Time Warner Cable Inc., DIRECTV, and EchoStar Corporation. In addition, our products will need to be compatible with other components in our customers' designs, including components produced by our competitors or potential competitors. There can be no assurance that these other companies will support or continue to support our products.

If we fail to penetrate these or other new markets upon which we target our resources, our revenue and revenue growth rate, if any, likely will decrease over time and our financial condition could suffer.

We may be unable to make the substantial and productive research and development investments which are required to remain competitive in our business.

The semiconductor industry requires substantial investment in research and development in order to develop and bring to market new and enhanced technologies and products. Many of our products originated with our research and development efforts and we believe have provided us with a significant competitive advantage. For fiscal 2013, our research and development expense was \$53.1 million. For fiscal 2014, our research and development expense was \$56.6 million. For the six months ended June 30, 2015, our research and development expense was \$39.3 million. In the six months ended June 30, 2015, we continued to increase our research and development expenditures as part of our strategy of devoting focused research and development efforts on the development of innovative and sustainable product platforms. We are committed to investing in new product development internally in order to stay competitive in our markets and plan to maintain research and development and design capabilities for new solutions in advanced semiconductor process nodes such as 40nm and 28nm and beyond. We do not know whether we will have sufficient resources to maintain the level of investment in research and development required to remain competitive as semiconductor process nodes continue to shrink and become increasingly complex. In addition, we cannot assure you that the technologies which are the focus of our research and development expenditures will become commercially successful.

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

Highly complex products like our RF receivers and RF receiver SoCs and physical medium devices for optical modules may contain defects and bugs when they are first introduced or as new versions are released. We have previously experienced, and may in the future experience, defects and bugs and, in particular, have identified liabilities of several million dollars arising from warranty claims related to Entropic products. Where any of our products, including Entropic products, contain defects or bugs, or have reliability, quality or compatibility problems, we may not be able to successfully correct these problems. Consequently, our reputation may be damaged and customers may be reluctant to buy our products, which could materially and adversely affect our ability to retain existing customers and attract new customers, and our financial results. In addition, these defects or bugs could interrupt or delay sales to our customers. If any of these problems are not found until after we have commenced commercial production of a new product (as in the case of the Entropic products experiencing warranty claims), we may be required to incur additional development costs and product recall, repair or replacement costs, and our operating costs could be adversely affected. These problems may also result in warranty or product liability claims against us by our customers or others that may require us to make significant expenditures to defend these claims or pay damage awards. In the event of a

warranty claim, we may also incur costs if we compensate the affected customer. We maintain product liability insurance, but this insurance is limited in amount and subject to significant deductibles. There is no guarantee that our insurance will be available or adequate to protect against all claims. We also may incur costs and expenses relating to a recall of one of our customers' products containing one of our devices. The process of identifying a recalled product in devices that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs, contract damage claims from our customers and reputational harm. Costs or payments made in connection with warranty and product liability claims and product recalls could materially affect our financial condition and results of operations.

Average selling prices of our products could decrease rapidly, which could have a material adverse effect on our revenue and gross margins.

We may experience substantial period-to-period fluctuations in future operating results due to the erosion of our average selling prices. From time to time, we have reduced the average unit price of our products due to competitive pricing pressures, new product introductions by us or our competitors, and for other reasons, and we expect that we will have to do so again in the future. If we are unable to offset any reductions in our average selling prices by increasing our sales volumes or introducing new products with higher margins, our revenue and gross margins will suffer. To support our gross margins, we must develop and introduce new products and product enhancements on a timely basis and continually reduce our and our customers' costs. Failure to do so would cause our revenue and gross margins to decline.

If we fail to develop and introduce new or enhanced products on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed.

We operate in a dynamic environment characterized by rapidly changing technologies and industry standards and technological obsolescence. To compete successfully, we must design, develop, market and sell new or enhanced products that provide increasingly higher levels of performance and reliability and meet the cost expectations of our customers. The introduction of new products by our competitors, the market acceptance of products based on new or alternative technologies, or the emergence of new industry standards could render our existing or future products obsolete. Our failure to anticipate or timely develop new or enhanced products or technologies in response to technological shifts could result in decreased revenue and our competitors winning more competitive bid processes, known as "design wins." In particular, we may experience difficulties with product design, manufacturing, marketing or certification that could delay or prevent our development, introduction or marketing of new or enhanced products. If we fail to introduce new or enhanced products that meet the needs of our customers or penetrate new markets in a timely fashion, we will lose market share and our operating results will be adversely affected.

In particular, we believe that we will need to develop new products in part to respond to changing dynamics and trends in our end user markets, including (among other trends) consolidation among cable and satellite operators, potential industry shifts away from the hardware devices and other technologies that incorporate our products, and changes in consumer television viewing habits and how consumers access and receive broadcast content and digital broadband services. We cannot predict how these trends will continue to develop or how or to what extent they may affect our future revenues and operating results. We believe that we will need to continue to make substantial investments in research and development in an attempt to ensure a product roadmap that anticipates these types of changes; however, we cannot provide any assurances that we will accurately predict the direction in which our markets will evolve or that we will be able to develop, market, or sell new products that respond to such changes successfully or in a timely manner, if at all.

We recently settled and are currently a party to intellectual property litigation and may face additional claims of intellectual property infringement. Current litigation and any future litigation could be time-consuming, costly to defend or settle and result in the loss of significant rights.

The semiconductor industry is characterized by companies that hold large numbers of patents and other intellectual property rights and that vigorously pursue, protect and enforce intellectual property rights. Third parties have in the past and may in the future assert against us and our customers and distributors their patent and other intellectual property rights to technologies that are important to our business.

On January 21, 2014, CrestaTech Technology Corporation, or CrestaTech, filed a complaint for patent infringement against us in the United States District Court of Delaware (the "District Court Litigation"). In its complaint, CrestaTech alleges that we infringe U.S. Patent Nos. 7,075,585 (the "585 Patent") and 7,265,792. In addition to asking for compensatory damages, CrestaTech alleges willful infringement and seeks a permanent injunction. CrestaTech also names Sharp Corporation, Sharp Electronics Corp. and VIZIO, Inc. as defendants based upon their alleged use of our television tuners. On January 28, 2014,

CrestaTech filed a complaint with the U.S. International Trade Commission, or ITC, again naming us, Sharp, Sharp Electronics, and VIZIO (“the “ITC Investigation”). On May 16, 2014 the ITC granted CrestaTech’s motion to file an amended complaint adding six OEM Respondents, namely, SIO International, Inc., Hon Hai Precision Industry Co., Ltd., Wistron Corp., Wistron Infocomm Technology (America) Corp., Top Victory Investments Ltd. and TPV International (USA), Inc. (collectively, with us, Sharp and VIZIO, the “Company Respondents”). CrestaTech’s ITC complaint alleges a violation of 19 U.S.C. § 1337 through the importation into the United States, the sale for importation, or the sale within the United States after importation of the Company’s accused products that CrestaTech alleges infringe the same two patents asserted in the Delaware action. Through its ITC complaint, CrestaTech seeks an exclusion order preventing entry into the United States of certain of our television tuners and televisions containing such tuners from Sharp, Sharp Electronics, and VIZIO. CrestaTech also seeks a cease and desist order prohibiting the Company Respondents from engaging in the importation into, sale for importation into, the sale after importation of, or otherwise transferring within the United States certain of the Company’s television tuners or televisions containing such tuners.

On December 1-5, 2014, the ITC held a trial in the ITC Investigation. On February 27, 2015, the Administrative Law Judge issued a written Initial Determination (“ID”), ruling that the Company Respondents do not violate Section 1337 in connection with CrestaTech’s asserted patents because CrestaTech failed to satisfy the economic prong of the domestic industry requirement pursuant to Section 1337(a) (2). In addition, the ID stated that certain of the Company’s television tuners and televisions incorporating those tuners manufactured and sold by certain customers infringe three claims of the ‘585 Patent, and these three claims were not determined to be invalid. On April 30, 2015, the ITC issued a notice indicating that it intended to review portions of the ID finding no violation of Section 1337, including the ID’s findings of infringement with respect to, and validity of, the ‘585 Patent, and the ID’s finding that CrestaTech failed to establish the existence of a domestic industry within the meaning of Section 1337. The Commission has requested additional briefing from the parties on certain issues under review, and the initial target date for completing the ITC investigation was June 29, 2015, which has since been revised to August 19, 2015. The District Court Litigation is currently stayed pending resolution of the ITC Investigation. We cannot predict the outcome of the ITC proceedings or the District Court Litigation. Continued prosecution of the CrestaTech claims in the ITC or as part of the District Court Litigation will result in our continuing to incur substantial litigation related legal expenses. An adverse determination in either the ITC proceedings or the District Court Litigation could have a material adverse effect on our revenues, operating results, and customer relationships. Any settlement of the litigation could involve royalty or other payments that could reduce our profit margins and adversely affect our operating results.

Claims that our products, processes or technology infringe third-party intellectual property rights, regardless of their merit or resolution and including the CrestaTech claims, are costly to defend or settle and could divert the efforts and attention of our management and technical personnel. In addition, many of our customer and distributor agreements require us to indemnify and defend our customers or distributors from third-party infringement claims and pay damages in the case of adverse rulings. Claims of this sort also could harm our relationships with our customers or distributors and might deter future customers from doing business with us. In order to maintain our relationships with existing customers and secure business from new customers, we have been required from time to time to provide additional assurances beyond our standard terms. If any future proceedings result in an adverse outcome, we could be required to:

- cease the manufacture, use or sale of the infringing products, processes or technology;
- pay substantial damages for infringement;
- expend significant resources to develop non-infringing products, processes or technology;
- license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;
- cross-license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or
- pay substantial damages to our customers or end users to discontinue their use of or to replace infringing technology sold to them with non-infringing technology.

Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

We utilize a significant amount of intellectual property in our business. If we are unable to protect our intellectual property, our business could be adversely affected.

Our success depends in part upon our ability to protect our intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including patents, copyrights, trademarks and trade secrets in the United States and in selected foreign countries where we believe filing for such protection is appropriate. Effective patent, copyright, trademark and trade secret protection may be unavailable, limited or not applied for in some countries. Some of our products and technologies are not covered by any patent or patent application. We cannot guarantee that:

- any of our present or future patents or patent claims will not lapse or be invalidated, circumvented, challenged or abandoned;
- our intellectual property rights will provide competitive advantages to us;
- our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will not be limited by our agreements with third parties;
- any of our pending or future patent applications will be issued or have the coverage originally sought;
- our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak;
- any of the trademarks, copyrights, trade secrets or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged or abandoned; or
- we will not lose the ability to assert our intellectual property rights against or to license our technology to others and collect royalties or other payments.

In addition, our competitors or others may design around our protected patents or technologies. Effective intellectual property protection may be unavailable or more limited in one or more relevant jurisdictions relative to those protections available in the United States, or may not be applied for in one or more relevant jurisdictions. If we pursue litigation to assert our intellectual property rights, an adverse decision in any of these legal actions could limit our ability to assert our intellectual property rights, limit the value of our technology or otherwise negatively impact our business, financial condition and results of operations.

Monitoring unauthorized use of our intellectual property is difficult and costly. Unauthorized use of our intellectual property may have occurred or may occur in the future. Although we have taken steps to minimize the risk of this occurring, any such failure to identify unauthorized use and otherwise adequately protect our intellectual property would adversely affect our business. Moreover, if we are required to commence litigation, whether as a plaintiff or defendant as has occurred with CrestaTech, not only will this be time-consuming, but we will also be forced to incur significant costs and divert our attention and efforts of our employees, which could, in turn, result in lower revenue and higher expenses.

We also rely on customary contractual protections with our customers, suppliers, distributors, employees and consultants, and we implement security measures to protect our trade secrets. We cannot assure you that these contractual protections and security measures will not be breached, that we will have adequate remedies for any such breach or that our suppliers, employees or consultants will not assert rights to intellectual property arising out of such contracts.

In addition, we have a number of third-party patent and intellectual property license agreements. Some of these license agreements require us to make one-time payments or ongoing royalty payments. Also, a few of our license agreements contain most-favored nation clauses or other price restriction clauses which may affect the amount we may charge for our products, processes or technology. We cannot guarantee that the third-party patents and technology we license will not be licensed to our competitors or others in the semiconductor industry. In the future, we may need to obtain additional licenses, renew existing license agreements or otherwise replace existing technology. We are unable to predict whether these license agreements can be obtained or renewed or the technology can be replaced on acceptable terms, or at all.

When we settled a trademark dispute with Linear Technology Corporation, we agreed not to register the “MAXLINEAR” mark or any other marks containing the term “LINEAR”. We may continue to use “MAXLINEAR” as a corporate identifier, including to advertise our products and services, but may not use that mark on our products. The agreement does not affect our ability to use our registered trademark “MxL”, which we use on our products. Due to our agreement not to register the “MAXLINEAR” mark, our ability to effectively prevent third parties from using the “MAXLINEAR” mark in connection with similar products or technology may be affected. If we are unable to protect our trademarks, we may experience difficulties in achieving and maintaining brand recognition and customer loyalty.

Our business, revenue and revenue growth, if any, will depend in part on the timing and development of the global transition from analog to digital television, which is subject to numerous regulatory and business risks outside our control.

For the six months ended June 30, 2015, sales of our RF receiver products used in digital terrestrial television applications, or DTT, including digital televisions, PCTV, IPTV, terrestrial set top boxes, and terrestrial receivers in satellite video gateways represented a declining, but not insignificant, portion of our revenues. We expect a significant portion of our revenue in future periods to continue to depend on the demand for DTT applications. In contrast to the United States, where the transition from analog to digital television occurred on a national basis in June 2009, in Europe and other parts of the world, the digital transition is being phased in on a local and regional basis and is expected to occur over many years. Many countries in Eastern Europe and Latin America are expected to convert to digital television by the end of 2018, with other countries targeting dates as late as 2024. As a result, our future revenue will depend in part on government mandates requiring conversion from analog to digital television and on the timing and implementation of those mandates. If the ongoing global transition to digital TV standards does not continue to progress or experiences significant delays, our business, revenue, operating results and financial condition would be materially and adversely affected. If during the transition to digital TV standards, consumers disproportionately purchase TV's with digital or hybrid tuning capabilities, this could diminish the size of the market for our digital-to-analog converter set-top box solutions, and as result our business, revenue, operating results and financial condition would be materially and adversely affected.

Global economic conditions, including factors that adversely affect consumer spending for the products that incorporate our integrated circuits, could adversely affect our revenues, margins, and operating results.

Our products are incorporated in numerous consumer devices, and demand for our products will ultimately be driven by consumer demand for products such as televisions, automobiles, cable modems, and set top boxes. Many of these purchases are discretionary. Global economic volatility and economic volatility in the specific markets in which the devices that incorporate our products are ultimately sold can cause extreme difficulties for our customers and third-party vendors in accurately forecasting and planning future business activities. This unpredictability could cause our customers to reduce spending on our products, which would delay and lengthen sales cycles. Furthermore, during challenging economic times our customers may face challenges in gaining timely access to sufficient credit, which could impact their ability to make timely payments to us. In addition, our recent revenue growth has been attributable in large part to purchases of digital-to-analog set top converter boxes in various geographies including Europe. Partially in response to economic and political developments, Greece recently extended the date for its deadline for switching to exclusive digital television broadcasts. Similar extensions in other European countries could adversely affect our revenue and growth. These events, together with economic volatility that may face the broader economy and, in particular, the semiconductor and communications industries, may adversely affect, our business, particularly to the extent that consumers decrease their discretionary spending for devices deploying our products.

We rely on a limited number of third parties to manufacture, assemble and test our products, and the failure to manage our relationships with our third-party contractors successfully could adversely affect our ability to market and sell our products.

We do not have our own manufacturing facilities. We operate an outsourced manufacturing business model that utilizes third-party foundry and assembly and test capabilities. As a result, we rely on third-party foundry wafer fabrication and assembly and test capacity, including sole sourcing for many components or products. Currently, all of our products are manufactured by United Microelectronics Corporation, or UMC, Silterra Malaysia Sdn Bhd, Global Foundries, Semiconductor Manufacturing International Corporation, or SMIC, Taiwan Semiconductor Manufacturing Corp, or TSMC, and Jazz Semiconductor at foundries in Taiwan, Singapore, Malaysia, China, and the United States. We also use third-party contractors for all of our assembly and test operations.

Relying on third party manufacturing, assembly and testing presents significant risks to us, including the following:

- failure by us, our customers, or their end customers to qualify a selected supplier;
- capacity shortages during periods of high demand;
- reduced control over delivery schedules and quality;
- shortages of materials;
- misappropriation of our intellectual property;

- limited warranties on wafers or products supplied to us; and
- potential increases in prices.

The ability and willingness of our third-party contractors to perform is largely outside our control. If one or more of our contract manufacturers or other outsourcers fails to perform its obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. For example, in the event that manufacturing capacity is reduced or eliminated at one or more facilities, including as a response to the recent worldwide decline in the semiconductor industry, manufacturing could be disrupted, we could have difficulties fulfilling our customer orders and our net revenue could decline. In addition, if these third parties fail to deliver quality products and components on time and at reasonable prices, we could have difficulties fulfilling our customer orders, our net revenue could decline and our business, financial condition and results of operations would be adversely affected.

Additionally, our manufacturing capacity may be similarly reduced or eliminated at one or more facilities due to the fact that our fabrication and assembly and test contractors are all located in the Pacific Rim region, principally in China, Taiwan, Singapore and Malaysia. The risk of earthquakes in these geographies is significant due to the proximity of major earthquake fault lines, and Taiwan in particular is also subject to typhoons and other Pacific storms. Earthquakes, fire, flooding, or other natural disasters in Taiwan or the Pacific Rim region, or political unrest, war, labor strikes, work stoppages or public health crises, such as outbreaks of H1N1 flu, in countries where our contractors' facilities are located could result in the disruption of our foundry, assembly or test capacity. Any disruption resulting from these events could cause significant delays in shipments of our products until we are able to shift our manufacturing, assembly or test from the affected contractor to another third-party vendor. There can be no assurance that alternative capacity could be obtained on favorable terms, if at all.

We do not have any long-term supply contracts with our contract manufacturers or suppliers, and any disruption in our supply of products or materials could have a material adverse effect on our business, revenue and operating results.

We currently do not have long-term supply contracts with any of our third-party vendors, including UMC, Siltronic Malaysia Sdn Bhd, Global Foundries, SMIC, TSMC and Jazz Semiconductor. We make substantially all of our purchases on a purchase order basis, and neither UMC nor our other contract manufacturers are required to supply us products for any specific period or in any specific quantity. 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 foundry, may induce our foundry to reallocate capacity to them. This reallocation could impair our ability to secure the supply of components that we need. We expect that it would take approximately nine to twelve months to transition performance of our foundry or assembly services to new providers. Such a transition would likely require a qualification process by our customers or their end customers. We generally place orders for products with some of our suppliers approximately four to five months prior to the anticipated delivery date, with order volumes based on our forecasts of demand from our customers. Accordingly, if we inaccurately forecast demand for our products, we may be unable to obtain adequate and cost-effective foundry or assembly capacity from our third-party contractors to meet our customers' delivery requirements, or we may accumulate excess inventories. On occasion, we have been unable to adequately respond to unexpected increases in customer purchase orders and therefore were unable to benefit from this incremental demand. None of our third-party contractors has provided any assurance to us that adequate capacity will be available to us within the time required to meet additional demand for our products.

To address capacity considerations, we are in the process of qualifying additional semiconductor fabricators. Qualification will not occur if we identify a defect in a fabricator's manufacturing process or if our customers choose not to invest the time and expense required to qualify the proposed fabricator. If full qualification of a fabricator does not occur, we may not be able to sell all of the materials produced by this fabricator or to fulfill demand for our products, which would adversely affect our business, revenue and operating results. In addition, the resulting write-off of unusable inventories would have an adverse effect on our operating results.

We may have difficulty accurately predicting our future revenue and appropriately budgeting our expenses particularly as we seek to enter new markets where we may not have prior experience.

Our recent operating history has focused on developing integrated circuits for specific terrestrial and cable television applications, and as part of our strategy, we seek to expand our addressable market into new product categories. For example, we have recently expanded into the market for satellite set-top and gateway boxes and outdoor units and physical medium devices for the optical interconnect markets. Our limited operating experience in new markets or potential markets we may

enter, combined with the rapidly evolving nature of our markets in general, substantial uncertainty concerning how these markets may develop and other factors beyond our control, reduces our ability to accurately forecast quarterly or annual revenue. We are currently expanding our staffing and increasing our expense levels in anticipation of future revenue growth. If our revenue does not increase as anticipated, we could incur significant losses due to our higher expense levels if we are not able to decrease our expenses in a timely manner to offset any shortfall in future revenue.

We may not sustain our growth rate, and we may not be able to manage future growth effectively.

We have experienced significant growth in a short period of time. Our net revenue increased from approximately \$97.7 million in 2012 to approximately \$119.6 million in 2013 and approximately \$133.1 million in 2014. We may not achieve similar growth rates in future periods. You should not rely on our operating results for any prior quarterly or annual periods as an indication of our future operating performance. If we are unable to maintain adequate revenue growth, our financial results could suffer and our stock price could decline.

To manage our growth successfully and handle the responsibilities of being a public company, we believe we must effectively, among other things:

- recruit, hire, train and manage additional qualified engineers for our research and development activities, especially in the positions of design engineering, product and test engineering and applications engineering;
- add sales personnel and expand customer engineering support offices;
- implement and improve our administrative, financial and operational systems, procedures and controls; and
- enhance our information technology support for enterprise resource planning and design engineering by adapting and expanding our systems and tool capabilities, and properly training new hires as to their use.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new products and we may fail to satisfy customer requirements, maintain product quality, execute our business plan or respond to competitive pressures.

If we are unable to attract, train and retain qualified personnel, especially our design and technical personnel, we may not be able to execute our business strategy effectively.

Our future success depends on our ability to retain, attract and motivate qualified personnel, including our management, sales and marketing and finance, and especially our design and technical personnel. We do not know whether we will be able to retain all of these personnel as we continue to pursue our business strategy. Historically, we have encountered difficulties in hiring and retaining qualified engineers because there is a limited pool of engineers with the expertise required in our field. Competition for these personnel is intense in the semiconductor industry. As the source of our technological and product innovations, our design and technical personnel represent a significant asset. The loss of the services of one or more of our key employees, especially our key design and technical personnel, or our inability to retain, attract and motivate qualified design and technical personnel, could have a material adverse effect on our business, financial condition and results of operations.

Our business would be adversely affected by the departure of existing members of our senior management team.

Our success depends, in large part, on the continued contributions of our senior management team, in particular, the services of Kishore Seendripu, Ph.D., our Chairman, President and Chief Executive Officer, Curtis Ling, Ph.D., our Chief Technical Officer and a Director, and Madhukar Reddy, Ph.D., our Vice President, Central Engineering. None of our senior management team is bound by written employment contracts to remain with us for a specified period. In addition, we have not entered into non-compete agreements with members of our senior management team. The loss of any member of our senior management team could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate.

Our customers require our products and our third-party contractors to undergo a lengthy and expensive qualification process which does not assure product sales.

Prior to purchasing our products, our customers require that both our products and our third-party contractors undergo extensive qualification processes, which involve testing of the products in the customer's system and rigorous reliability testing. This qualification process may continue for six months or more. However, qualification of a product by a customer does not assure any sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a

subsequent revision to the RF receiver or RF receiver SoC and physical medium devices for optical modules, changes in our customer's manufacturing process or our selection of a new supplier may require a new qualification process, which may result in delays and in us holding excess or obsolete inventory. After our products are qualified, it can take six months or more before the customer commences volume production of components or devices that incorporate our products. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing and management efforts, to qualifying our products with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, sales of this product to the customer may be precluded or delayed, which may impede our growth and cause our business to suffer.

We are subject to risks associated with our distributors' product inventories and product sell-through. Should any of our distributors cease or be forced to stop distributing our products, our business would suffer.

We currently sell a significant but declining portion of our products to customers through our distributors, who maintain their own inventories of our products. For fiscal 2013, sales through distributors accounted for 29% of our net revenue. For fiscal 2014, sales through distributors accounted for 28% of our net revenue. For the six months ended June 30, 2015, sales through distributors accounted for 14% of our net revenue. For these distributor transactions, revenue is not recognized until product is shipped to the end customer and the amount that will ultimately be collected is fixed or determinable. Upon shipment of product to these distributors, title to the inventory transfers to the distributor and the distributor is invoiced, generally with 30 day terms. On shipments to our distributors where revenue is not recognized, we record a trade receivable for the selling price as there is a legally enforceable right to payment, relieving the inventory for the carrying value of goods shipped since legal title has passed to the distributor, and record the corresponding gross profit in the consolidated balance sheet as a component of deferred revenue and deferred profit, representing the difference between the receivable recorded and the cost of inventory shipped. Future pricing credits and/or stock rotation rights from our distributors may result in the realization of a different amount of profit included our future consolidated statements of operations than the amount recorded as deferred profit in our consolidated balance sheets.

If our distributors are unable to sell an adequate amount of their inventories of our products in a given quarter to manufacturers and end users or if they decide to decrease their inventories of our products for any reason, our sales through these distributors and our revenue may decline. In addition, if some distributors decide to purchase more of our products than are required to satisfy end customer demand in any particular quarter, inventories at these distributors would grow in that quarter. These distributors likely would reduce future orders until inventory levels realign with end customer demand, which could adversely affect our product revenue in a subsequent quarter.

Our reserve estimates with respect to the products stocked by our distributors are based principally on reports provided to us by our distributors, typically on a weekly basis. To the extent that this resale and channel inventory data is inaccurate or not received in a timely manner, we may not be able to make reserve estimates for future periods accurately or at all.

We are subject to order and shipment uncertainties, and differences between our estimates of customer demand and product mix and our actual results could negatively affect our inventory levels, sales and operating results.

Our revenue is generated on the basis of purchase orders with our customers rather than long-term purchase commitments. In addition, our customers can cancel purchase orders or defer the shipments of our products under certain circumstances. Our products are manufactured using a silicon foundry according to our estimates of customer demand, which requires us to make separate demand forecast assumptions for every customer, each of which may introduce significant variability into our aggregate estimate. We have limited visibility into future customer demand and the product mix that our customers will require, which could adversely affect our revenue forecasts and operating margins. Moreover, because our target markets are relatively new, many of our customers have difficulty accurately forecasting their product requirements and estimating the timing of their new product introductions, which ultimately affects their demand for our products. Historically, because of this limited visibility, actual results have been different from our forecasts of customer demand. Some of these differences have been material, leading to excess inventory or product shortages and revenue and margin forecasts above those we were actually able to achieve. These differences may occur in the future, and the adverse impact of these differences between forecasts and actual results could grow if we are successful in selling more products to some customers. In addition, the rapid pace of innovation in our industry could render significant portions of our inventory obsolete. Excess or obsolete inventory levels could result in unexpected expenses or increases in our reserves that could adversely affect our business, operating results and financial condition. Conversely, if we were to underestimate customer demand or if sufficient manufacturing capacity were unavailable, we could forego revenue opportunities, potentially lose market share and damage our customer relationships. In addition, any significant future cancellations or deferrals of product orders or the return of previously

sold products due to manufacturing defects could materially and adversely impact our profit margins, increase our write-offs due to product obsolescence and restrict our ability to fund our operations.

Winning business is subject to lengthy competitive selection processes that require us to incur significant expenditures. Even if we begin a product design, customers may decide to cancel or change their product plans, which could cause us to generate no revenue from a product and adversely affect our results of operations.

We are focused on securing design wins to develop RF receivers and RF receiver SoCs, MoCA SoCs, DBS-ODU SoCs, and physical medium devices for optical modules for use in our customers' products. These selection processes typically are lengthy and can require us to incur significant design and development expenditures and dedicate scarce engineering resources in pursuit of a single customer opportunity. We may not win the competitive selection process and may never generate any revenue despite incurring significant design and development expenditures. These risks are exacerbated by the fact that some of our customers' products likely will have short life cycles. Failure to obtain a design win could prevent us from offering an entire generation of a product, even though this has not occurred to date. This could cause us to lose revenue and require us to write off obsolete inventory, and could weaken our position in future competitive selection processes. After securing a design win, we may experience delays in generating revenue from our products as a result of the lengthy development cycle typically required. Our customers generally take a considerable amount of time to evaluate our products. The typical time from early engagement by our sales force to actual product introduction runs from nine to twelve months for the consumer market, to as much as 36 months for the cable operator market. The delays inherent in these lengthy sales cycles increase the risk that a customer will decide to cancel, curtail, reduce or delay its product plans, causing us to lose anticipated sales. In addition, any delay or cancellation of a customer's plans could materially and adversely affect our financial results, as we may have incurred significant expense and generated no revenue. Finally, our customers' failure to successfully market and sell their products could reduce demand for our products and materially and adversely affect our business, financial condition and results of operations. If we were unable to generate revenue after incurring substantial expenses to develop any of our products, our business would suffer.

Our operating results are subject to substantial quarterly and annual fluctuations and may fluctuate significantly due to a number of factors that could adversely affect our business and our stock price.

Our revenue and operating results have fluctuated in the past and are likely to fluctuate in the future. These fluctuations may occur on a quarterly and on an annual basis and are due to a number of factors, many of which are beyond our control. These factors include, among others:

- changes in end-user demand for the products manufactured and sold by our customers;
- the receipt, reduction or cancellation of significant orders by customers;
- fluctuations in the levels of component inventories held by our customers;
- the gain or loss of significant customers;
- market acceptance of our products and our customers' products;
- our ability to develop, introduce and market new products and technologies on a timely basis;
- the timing and extent of product development costs;
- new product announcements and introductions by us or our competitors;
- incurrence of research and development and related new product expenditures;
- seasonality or cyclical fluctuations in our markets;
- currency fluctuations;
- fluctuations in IC manufacturing yields;
- significant warranty claims, including those not covered by our suppliers;
- changes in our product mix or customer mix;

- intellectual property disputes;
- loss of key personnel or the shortage of available skilled workers;
- impairment of long-lived assets, including masks and production equipment; and
- the effects of competitive pricing pressures, including decreases in average selling prices of our products.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results. We typically are required to incur substantial development costs in advance of a prospective sale with no certainty that we will ever recover these costs. A substantial amount of time may pass between a design win and the generation of revenue related to the expenses previously incurred, which can potentially cause our operating results to fluctuate significantly from period to period. In addition, a significant amount of our operating expenses are relatively fixed in nature due to our significant sales, research and development costs. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify its adverse impact on our results of operations.

We are subject to the cyclical nature of the semiconductor industry.

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence and price erosion, evolving standards, short product life cycles and wide fluctuations in product supply and demand. Any future downturns may result in diminished product demand, production overcapacity, high inventory levels and accelerated erosion of average selling prices. Furthermore, any upturn in the semiconductor industry could result in increased competition for access to third-party foundry and assembly capacity. We are dependent on the availability of this capacity to manufacture and assemble our RF receivers and RF receiver SoCs, MoCA SoCs, DBS-ODU SoCs, and physical medium devices for optical modules. None of our third-party foundry or assembly contractors has provided assurances that adequate capacity will be available to us in the future. A significant downturn or upturn could have a material adverse effect on our business and operating results.

The use of open source software in our products, processes and technology may expose us to additional risks and harm our intellectual property.

Our products, processes and technology sometimes utilize and incorporate software that is subject to an open source license. Open source software is typically freely accessible, usable and modifiable. Certain open source software licenses require a user who intends to distribute the open source software as a component of the user's software to disclose publicly part or all of the source code to the user's software. In addition, certain open source software licenses require the user of such software to make any derivative works of the open source code available to others on unfavorable terms or at no cost. This can subject previously proprietary software to open source license terms.

While we monitor the use of all open source software in our products, processes and technology and try to ensure that no open source software is used in such a way as to require us to disclose the source code to the related product, processes or technology when we do not wish to do so, such use could inadvertently occur. Additionally, if a third party software provider has incorporated certain types of open source software into software we license from such third party for our products, processes or technology, we could, under certain circumstances, be required to disclose the source code to our products, processes or technology. This could harm our intellectual property position and have a material adverse effect on our business, results of operations and financial condition.

We rely on third parties to provide services and technology necessary for the operation of our business. Any failure of one or more of our partners, vendors, suppliers or licensors to provide these services or technology could have a material adverse effect on our business.

We rely on third-party vendors to provide critical services, including, among other things, services related to accounting, billing, human resources, information technology, network development, network monitoring, in-licensing and intellectual property that we cannot or do not create or provide ourselves. We depend on these vendors to ensure that our corporate infrastructure will consistently meet our business requirements. The ability of these third-party vendors to successfully provide reliable and high quality services is subject to technical and operational uncertainties that are beyond our control. While we may be entitled to damages if our vendors fail to perform under their agreements with us, our agreements with these vendors limit the amount of damages we may receive. In addition, we do not know whether we will be able to collect on any award of damages or that these damages would be sufficient to cover the actual costs we would incur as a result of any vendor's failure to perform under its agreement with us. Any failure of our corporate infrastructure could have a material adverse effect on our

business, financial condition and results of operations. Upon expiration or termination of any of our agreements with third-party vendors, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

Additionally, we incorporate third-party technology into and with some of our products, and we may do so in future products. The operation of our products could be impaired if errors occur in the third-party technology we use. It may be more difficult for us to correct any errors in a timely manner if at all because the development and maintenance of the technology is not within our control. There can be no assurance that these third parties will continue to make their technology, or improvements to the technology, available to us, or that they will continue to support and maintain their technology. Further, due to the limited number of vendors of some types of technology, it may be difficult to obtain new licenses or replace existing technology. Any impairment of the technology or our relationship with these third parties could have a material adverse effect on our business.

Unanticipated changes in our tax rates or unanticipated tax obligations could affect our future results.

Since we operate in different countries and are subject to taxation in different jurisdictions, our future effective tax rates could be impacted by changes in such countries' tax laws or their interpretations. Both domestic and international tax laws are subject to change as a result of changes in fiscal policy, changes in legislation, evolution of regulation and court rulings. The application of these tax laws and related regulations is subject to legal and factual interpretation, judgment and uncertainty. We cannot determine whether any legislative proposals may be enacted into law or what, if any, changes may be made to such proposals prior to their being enacted into law. If U.S. or international tax laws change in a manner that increases our tax obligation, it could result in a material adverse impact on our net income and our financial position.

The Federal examination by the Internal Revenue Service for the years 2010 and 2011 was completed during the three months ended March 31, 2014. The Company is still subject to examination for 2012 through 2014. In the event we are determined to have any unaccrued tax obligation arising from future audits, our operating results would be adversely affected.

Our future effective tax rate could be unfavorably affected by unanticipated changes in the valuation of our deferred tax assets and liabilities. Changes in our effective tax rate could have a material adverse impact on our results of operations. We record a valuation allowance to reduce our net 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 historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and practical tax planning strategies. On a periodic basis we evaluate our deferred tax asset balance for realizability. To the extent we believe it is more likely than not that some portion of our deferred tax assets will not be realized, we will recognize a valuation allowance against the deferred tax asset. Realization of our deferred tax assets is dependent primarily upon future U.S. taxable income. During the year ended December 31, 2011, we established a full valuation allowance on our net federal deferred tax assets.

Our business, financial condition and results of operations could be adversely affected by the political and economic conditions of the countries in which we conduct business and other factors related to our international operations.

We sell our products throughout the world. Products shipped to Asia accounted for 90% of our net revenue in the six months ended June 30, 2015. In addition, approximately 28% of our employees are located outside of the United States. All of our products are manufactured, assembled and tested in Asia, and all of our major distributors are located in Asia. Multiple factors relating to our international operations and to particular countries in which we operate could have a material adverse effect on our business, financial condition and results of operations. These factors include:

- changes in political, regulatory, legal or economic conditions;
- restrictive governmental actions, such as restrictions on the transfer or repatriation of funds and foreign investments and trade protection measures, including export duties and quotas and customs duties and tariffs;
- disruptions of capital and trading markets;
- changes in import or export licensing requirements;
- transportation delays;
- civil disturbances or political instability;

- geopolitical turmoil, including terrorism, war or political or military coups;
- public health emergencies;
- differing employment practices and labor standards;
- limitations on our ability under local laws to protect our intellectual property;
- local business and cultural factors that differ from our customary standards and practices;
- nationalization and expropriation;
- changes in tax laws;
- currency fluctuations relating to our international operating activities; and
- difficulty in obtaining distribution and support.

In addition to a significant portion of our wafer supply coming from Singapore, China and Malaysia, substantially all of our products undergo packaging and final testing in Taiwan. Any conflict or uncertainty in this country, including due to natural disaster or public health or safety concerns, could have a material adverse effect on our business, financial condition and results of operations. In addition, if the government of any country in which our products are manufactured or sold sets technical standards for products manufactured in or imported into their country that are not widely shared, it may lead some of our customers to suspend imports of their products into that country, require manufacturers in that country to manufacture products with different technical standards and disrupt cross-border manufacturing relationships which, in each case, could have a material adverse effect on our business, financial condition and results of operations. We also are subject to risks associated with international political conflicts involving the U.S. government. For example, in 2008 we were instructed by the U.S. Department of Homeland Security to cease using Polar Star International Company Limited, a distributor based in Hong Kong, that delivered third-party products, to a political group that the U.S. government did not believe should have been provided with the products in question. As a result, we immediately ceased all business operations with that distributor. The loss of Polar Star as a distributor did not materially delay shipment of our products because Polar Star was a non-exclusive distributor and we had in place alternative distribution arrangements. However, we cannot provide assurances that similar disruptions of distribution arrangements in the future will not result in delayed shipments until we are able to identify alternative distribution channels, which could include a requirement to increase our direct sales efforts. Loss of a key distributor under similar circumstances could have an adverse effect on our business, revenues and operating results.

If we suffer losses to our facilities or distribution system due to catastrophe, our operations could be seriously harmed.

Our facilities and distribution system, and those of our third-party contractors, are subject to risk of catastrophic loss due to fire, flood or other natural or man-made disasters. A number of our facilities and those of our contract manufacturers are located in areas with above average seismic activity. The foundries that manufacture all of our wafers are located in Taiwan, Singapore, Malaysia and China, and all of the third-party contractors who assemble and test our products also are located in Asia. In addition, our headquarters are located in Southern California. The risk of an earthquake in the Pacific Rim region or Southern California is significant due to the proximity of major earthquake fault lines. For example, in 2002 and 2003, major earthquakes occurred in Taiwan. Any catastrophic loss to any of these facilities would likely disrupt our operations, delay production, shipments and revenue and result in significant expenses to repair or replace the facility.

Our business is subject to various governmental regulations, and compliance with these regulations may cause us to incur significant expenses. If we fail to maintain compliance with applicable regulations, we may be forced to recall products and cease their manufacture and distribution, and we could be subject to civil or criminal penalties.

Our business is subject to various international and U.S. laws and other legal requirements, including packaging, product content, labor, import/export control regulations, and the Foreign Corrupt Practices Act. These regulations are complex, change frequently and have generally become more stringent over time. We may be required to incur significant costs to comply with these regulations or to remedy violations. Any failure by us to comply with applicable government regulations could result in cessation of our operations or portions of our operations, product recalls or impositions of fines and restrictions on our ability to conduct our operations. In addition, because many of our products are regulated or sold into regulated industries, we must comply with additional regulations in marketing our products.

Our products and operations are also subject to the rules of industrial standards bodies, like the International Standards Organization, as well as regulation by other agencies, such as the U.S. Federal Communications Commission. If we fail to adequately address any of these rules or regulations, our business could be harmed.

For example, the SEC recently adopted a final rule to implement Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires new disclosures concerning the use of conflict minerals, generally tantalum, tin, gold, or tungsten, that originated in the Democratic Republic of the Congo or an adjoining country. These disclosures are required whether or not these products containing conflict minerals are manufactured by us or third parties. Verifying the source of any conflict minerals in our products will create additional costs in order to comply with the new disclosure requirements and we may not be able to certify that the metals in our products are conflict free, which may create issues with our customers. In addition, the new rule may affect the pricing, sourcing and availability of minerals used in the manufacture of our products.

We must conform the manufacture and distribution of our semiconductors to various laws and adapt to regulatory requirements in all countries as these requirements change. If we fail to comply with these requirements in the manufacture or distribution of our products, we could be required to pay civil penalties, face criminal prosecution and, in some cases, be prohibited from distributing our products in commerce until the products or component substances are brought into compliance.

In addition to our acquisitions of Entropic and Physpeed, we may, from time to time, make additional business acquisitions or investments, which involve significant risks.

In addition to the acquisitions of Entropic, which we completed in the second quarter of fiscal 2015, and Physpeed, which we completed in the fourth quarter of fiscal 2014, we may, from time to time, make acquisitions, enter into alliances or make investments in other businesses to complement our existing product offerings, augment our market coverage or enhance our technological capabilities. However, any such transactions could result in:

- issuances of equity securities dilutive to our existing stockholders;
- substantial cash payments;
- the incurrence of substantial debt and assumption of unknown liabilities;
- large one-time write-offs;
- amortization expenses related to intangible assets;
- a limitation on our ability to use our net operating loss carryforwards;
- the diversion of management's time and attention from operating our business to acquisition integration challenges;
- adverse tax consequences; and
- the potential loss of key employees, customers and suppliers of the acquired business.

Additionally, in periods subsequent to an acquisition, we must evaluate goodwill and acquisition-related intangible assets for impairment. If such assets are found to be impaired, they will be written down to estimated fair value, with a charge against earnings.

Integrating acquired organizations and their products and services, including the integration of Entropic and Physpeed following completion of the acquisitions, may be expensive, time-consuming and a strain on our resources and our relationships with employees, customers and suppliers, and ultimately may not be successful. The benefits or synergies we may expect from the acquisition of complementary or supplementary businesses may not be realized to the extent or in the time frame we initially anticipate. Some of the risks that may affect our ability to successfully integrate acquired companies, including Entropic and Physpeed, include those associated with:

- failure to successfully further develop the acquired products or technology;
- conforming the acquired company's standards, policies, processes, procedures and controls with our operations;
- coordinating new product and process development, especially with respect to highly complex technologies;

- loss of key employees or customers of the acquired company;
- hiring additional management and other critical personnel;
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries;
- increasing the scope, geographic diversity and complexity of our operations;
- consolidation of facilities, integration of the acquired company's accounting, human resource and other administrative functions and coordination of product, engineering and sales and marketing functions;
- the geographic distance between the companies;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims for terminated employees, customers, former stockholders or other third parties.

We may be subject to information technology failures, including data protection breaches and cyber-attacks, that could disrupt our operations, damage our reputation and adversely affect our business, operations, and financial results.

We rely on our information technology systems for the effective operation of our business and for the secure maintenance and storage of confidential data relating to our business and third party businesses. Although we have implemented security controls to protect our information technology systems, experienced programmers or hackers may be able to penetrate our security controls, and develop and deploy viruses, worms and other malicious software programs that compromise our confidential information or that of third parties and cause a disruption or failure of our information technology systems. Any such compromise of our information technology systems could result in the unauthorized publication of our confidential business or proprietary information, result in the unauthorized release of customer, supplier or employee data, result in a violation of privacy or other laws, expose us to a risk of litigation, or damage our reputation. The cost and operational consequences of implementing further data protection measures either as a response to specific breaches or as a result of evolving risks, could be significant. In addition, our inability to use or access our information systems at critical points in time could adversely affect the timely and efficient operation of our business. Any delayed sales, significant costs or lost customers resulting from these technology failures could adversely affect our business, operations and financial results.

Third parties with which we conduct business, such as foundries, assembly and test contractors, and distributors, have access to certain portions of our sensitive data. In the event that these third parties do not properly safeguard our data that they hold, security breaches could result and negatively impact our business, operations and financial results.

Investor confidence may be adversely impacted if we are unable to comply with Section 404 of the Sarbanes-Oxley Act of 2002, and as a result, our stock price could decline.

We are subject to rules adopted by the Securities Exchange Commission, or SEC, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, which require us to include in our Annual Report on Form 10-K our management's report on, and assessment of the effectiveness of, our internal controls over financial reporting.

If we fail to maintain the adequacy of our internal controls, there is a risk that we will not comply with all of the requirements imposed by Section 404. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. Any of these possible outcomes could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our consolidated financial statements and could result in investigations or sanctions by the SEC, the New York Stock Exchange, or NYSE, or other regulatory authorities or in stockholder litigation. Any of these factors ultimately could harm our business and could negatively impact the market price of our securities. Ineffective control over financial reporting could also cause investors to lose confidence in our reported financial information, which could adversely affect the trading price of our common stock.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. However, our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures will prevent all error and all fraud. 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 design of a control system must reflect the fact that there are resource constraints, and 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 fraud, if any, have been detected.

Our products must conform to industry standards in order to be accepted by end users in our markets.

Generally, our products comprise only a part of a communications device. All components of these devices must uniformly comply with industry standards in order to operate efficiently together. We depend on companies that provide other components of the devices to support prevailing industry standards. Many of these companies are significantly larger and more influential in driving industry standards than we are. Some industry standards may not be widely adopted or implemented uniformly, and competing standards may emerge that may be preferred by our customers or end users. If larger companies do not support the same industry standards that we do, or if competing standards emerge, market acceptance of our products could be adversely affected, which would harm our business.

Products for communications applications are based on industry standards that are continually evolving. Our ability to compete in the future will depend on our ability to identify and ensure compliance with these evolving industry standards. The emergence of new industry standards could render our products incompatible with products developed by other suppliers. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our products to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards for a significant period of time, we could miss opportunities to achieve crucial design wins. We may not be successful in developing or using new technologies or in developing new products or product enhancements that achieve market acceptance. Our pursuit of necessary technological advances may require substantial time and expense.

Risks Relating to Our Class A Common Stock

The dual class structure of our common stock as contained in our charter documents will have the effect of allowing our founders, executive officers, employees and directors and their affiliates to limit your ability to influence corporate matters that you may consider unfavorable.

We sold Class A common stock in our initial public offering. Our founders, executive officers, directors and their affiliates and employees hold shares of our Class B common stock, which is not publicly traded. Until March 29, 2017, the dual class structure of our common stock will have the following effects with respect to the holders of our Class A common stock:

- allows the holders of our Class B common stock to have the sole right to elect two management directors to the Board of Directors;
- with respect to change of control matters, allows the holders of our Class B common stock to have ten votes per share compared to the holders of our Class A common stock who will have one vote per share on these matters; and
- with respect to the adoption of or amendments to our equity incentive plans, allows the holders of our Class B common stock to have ten votes per share compared to the holders of our Class A common stock who will have one vote per share on these matters, subject to certain limitations.

Thus, our dual class structure will limit your ability to influence corporate matters, including with respect to transactions involving a change of control, and, as a result, we may take actions that our stockholders do not view as beneficial, which may adversely affect the market price of our Class A common stock. In addition to the additional voting rights granted to holders of our Class B common stock, which is held principally by certain of our executive officers and founders, we have entered change of control agreements with our executive officers, which could have an adverse effect on a third party's willingness to consider acquiring us, either because it may be more difficult to retain key employees with change of control benefits or because of the incremental cost associated with these benefits.

The concentration of our capital stock ownership with our founders will limit your ability to influence corporate matters and their interests may differ from other stockholders.

As of June 30, 2015, our founders who continue to be employees of the Company, including our Chairman, President and Chief Executive Officer, Dr. Seendripu, together control approximately 11% of our outstanding capital stock, representing approximately 50% of the voting power of our outstanding capital stock with respect to change of control matters and the

adoption of or amendment to our equity incentive plans. Dr. Seendripu and the other founders therefore have significant influence over our management and affairs and over all matters requiring stockholder approval, including the election of two Class B directors and significant corporate transactions, such as a merger or other sale of MaxLinear or its assets, for the foreseeable future.

Our management team may use our available cash, cash equivalents, and liquid investment assets in ways with which you may not agree or in ways which may not yield a return.

We use our cash, cash equivalents, and liquid investment assets for general corporate purposes, including working capital. We may also use a portion of these assets to acquire complementary businesses, products, services or technologies. Our management has considerable discretion in the application of our cash, cash equivalents, and investment resources, and you will not have the opportunity to assess whether these liquid assets are being used in a manner that you deem best to maximize your return. We may use our available resources for corporate purposes that do not increase our operating results or market value. In addition, our cash, cash equivalents, and liquid investment resources may be placed in investments that do not produce significant income or that may lose value

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our Class A common stock.

Provisions in our certificate of incorporation and bylaws, as amended and restated, may have the effect of delaying or preventing a change of control or changes in our management. These provisions provide for the following:

- authorize our Board of Directors to issue, without further action by the stockholders, up to 25,000,000 shares of undesignated preferred stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our Board of Directors, our Chairman of the Board of Directors, our President or by unanimous written consent of our directors appointed by the holders of Class B common stock;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our Board of Directors;
- establish that our Board of Directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered terms and with one Class B director being elected to each of Classes II and III;
- provide for a dual class common stock structure, which provides our founders, current investors, executives and employees with significant influence over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our Company or its assets;
- provide that our directors may be removed only for cause;
- provide that vacancies on our Board of Directors may be filled only by a majority of directors then in office, even though less than a quorum, other than any vacancy in the two directorships reserved for the designees of the holders of Class B common stock, which may be filled only by the affirmative vote of the holders of a majority of the outstanding Class B common stock or by the remaining director elected by the Class B common stock (with the consent of founders holding a majority in interest of the Class B common stock over which the founders then exercise voting control);
- specify that no stockholder is permitted to cumulate votes at any election of directors;
and
- require supermajority votes of the holders of our common stock to amend specified provisions of our charter documents.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the

provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder.

Our share price may be volatile as a result of limited trading volume and other factors.

Our shares of Class A common stock began trading on the New York Stock Exchange in March 2010. An active public market for our shares on the New York Stock Exchange may not be sustained. In particular, limited trading volumes and liquidity may limit the ability of stockholders to purchase or sell our common stock in the amounts and at the times they wish. Trading volume in our Class A common stock tends to be modest relative to our total outstanding shares, and the price of our Class A common stock may fluctuate substantially (particularly in percentage terms) without regard to news about us or general trends in the stock market. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

In addition, the trading price of our Class A common stock could become highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include those discussed in this “Risk Factors” section of this Quarterly Report on Form 10-Q and others such as:

- actual or anticipated fluctuations in our financial condition and operating results;
- overall conditions in the semiconductor market;
- addition or loss of significant customers;
- changes in laws or regulations applicable to our products;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of technological innovations by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- competition from existing products or new products that may emerge;
- issuance of new or updated research or reports by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain intellectual property protection for our technologies;
- the recently completed acquisition of Entropic may not be accretive and may cause dilution to our earnings per shares;
- announcement or expectation of additional financing efforts;
- sales of our Class A or Class B common stock by us or our stockholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares; and
- general economic and market conditions.

Furthermore, the stock markets recently have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our Class A common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the

target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, especially due to our dual-class voting structure, our share price and trading volume could decline.

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us or our business, especially with respect to our unique dual-class voting structure as to the election of directors, change of control matters and matters related to our equity incentive plans. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Future sales of our Class A common stock in the public market could cause our share price to decline.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. As of June 30, 2015, we had 53.3 million shares of Class A common stock and 6.9 million shares of Class B common stock outstanding.

All shares of Class A common stock are freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act.

We have filed registration statements on Form S-8 under the Securities Act to register 16.9 million shares of our Class A common stock for issuance under our 2010 Equity Incentive Plan and 2010 Employee Stock Purchase Plan in addition to 3.2 million awards that were assumed and remain outstanding in connection with the Entropic acquisition. These shares may be freely sold in the public market upon issuance and once vested, subject to other restrictions provided under the terms of the applicable plan and/or the option agreements entered into with option holder.

Our Executive Incentive Bonus Plan permits the settlement of awards under the plan in the form of shares of its Class A common stock. For the 2013 performance period, actual awards under the Executive Incentive Bonus Plan were settled in Class A common stock issued under our 2010 Equity Incentive Plan, as amended, with the number of shares issuable to plan participants determined based on the closing sales price of our Class A common stock as determined in trading on the New York Stock Exchange on May 9, 2014. Additionally, we settled all bonus awards for all other employees for the 2013 performance period in shares of its Class A common stock. We issued 0.6 million shares of our Class A common stock for the 2013 performance period upon settlement of the bonus awards on May 9, 2014. We issued 0.2 million shares of our Class A common stock for the 2014 performance period upon settlement of the bonus awards on May 14, 2015. These shares may be freely sold in the public market immediately following the issuance of such shares and the issuance of such shares may have an adverse effect on our share price once they are issued.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our Board of Directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

In the six months ended June 30, 2015, we issued an aggregate of 0.06 million shares of our Class B common stock to certain employees upon the exercise of options awarded under our 2004 Stock Plan. We received aggregate proceeds of approximately \$0.06 million in the six months ended June 30, 2015 as a result of the exercise of these options. We believe these transactions were exempt from the registration requirements of the Securities Act in reliance on Rule 701 thereunder as transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701. As of June 30, 2015, options to purchase an aggregate of 1.3 million shares of our Class B common stock remain outstanding. All issuances of shares of our Class B common stock pursuant to the exercise of these options will be made in reliance on Rule 701. All option grants made under the 2004 Stock Plan were made prior to the effectiveness of our initial public offering. No further option grants will be made under our 2004 Stock Plan.

The sales and issuances of securities in the transactions described above were deemed to be exempt from registration under the Securities Act of 1933, as amended, in reliance upon Rule 701 promulgated under Section 3(b) of the Securities Act of 1933, as amended, as transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of securities in each transaction represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. All recipients had adequate access, through employment or other relationships, to information about us. All certificates representing the securities issued in these transactions included appropriate legends setting forth that the securities had not been offered or sold pursuant to a registration statement and describing the applicable restrictions on transfer of the securities. There were no underwriters employed in connection with any of the transactions set forth above. Each share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. In addition, each share of our Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our certificate of incorporation.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On August 6, 2015, the compensation committee of our board of directors approved bonuses under our Executive Incentive Bonus Plan as indicated in the table below for the executive officers named in the executive compensation tables of our proxy statement for the 2015 annual meeting of stockholders. The bonus awards are payable for the January 1, 2015 to June 30, 2015 corporate performance period. As indicated in our proxy statement, our compensation committee elected to bifurcate the 2015 corporate performance period to reflect changes in our business resulting from the completion of our acquisition of Entropic Communications, Inc. on April 30, 2015. These bonus awards will be settled in shares of our Class A common stock on approximately August 20, 2015 with the amount calculated by dividing the cash equivalent bonus award by the closing price of our Class A common stock in trading on the New York Stock Exchange on the settlement date. The number of shares otherwise issuable in connection with the bonus award will be reduced by an amount equal to applicable withholding taxes, which we will remit in cash to applicable governmental authorities.

Executive Officer	Cash Equivalent Bonus Award
Kishore Seendripu, Ph.D.	\$254,986
Adam C. Spice	104,908
Curtis Ling, Ph.D.	73,808
Madhukar Reddy, Ph.D.	75,132
Michael J. LaChance	72,266

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Title
10.1	First Amendment to Lease, dated May 6, 2015, between Registrant, on the one hand, and Brookwood CB I, LLC and Brookwood CB II, LLC, as tenants in common and successors-in-interest to The Campus Carlsbad, LLC, on the other hand.
10.2(1)	Entropic Communications, Inc. 2007 Equity Incentive Plan and Form of Option Agreement, Form of Option Grant Notice thereunder and Notice of Exercise.
10.3(2)	Entropic Communications, Inc. 2007 Non-Employee Directors' Stock Option Plan and Form of Option Agreement, Forms of Grant Notice and Notice of Exercise thereunder.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1(*)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

- (*) In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished pursuant to this item will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.
- (1) Incorporated herein by reference to Entropic Communication, Inc.'s Annual Report on Form 10-K filed with the SEC on March 3, 2008 (File No. 001-33844).
- (2) Incorporated herein by reference to Entropic Communications, Inc.'s Registration Statement on Form S-1 filed with the Commission on July 27, 2007 (No. 333-144899).

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.

MAXLINEAR, INC.

(Registrant)

Date: August 10, 2015

By: /s/ Adam C. Spice
Adam C. Spice
Chief Financial Officer
(Principal Financial and Accounting Officer and
Duly Authorized Officer)

EXHIBIT INDEX

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FIRST AMENDMENT TO LEASE

This FIRST AMENDMENT TO LEASE (this “First Amendment”) is dated as of May 6, 2015 (the “Effective Date”) by and between BROOKWOOD CB I, LLC, a Delaware limited liability company, and BROOKWOOD CB II, LLC, a Delaware limited liability company, as tenants in common (together, “Landlord”), and MAXLINEAR, INC., a Delaware corporation (“Tenant”).

WHEREAS, Landlord, as successor in interest to The Campus Carlsbad, LLC, and Tenant are parties to that certain Lease, dated December 17, 2013 (the “Lease”), for the lease of certain premises consisting of approximately 44,637 rentable square feet commonly known as Suite 100 in the building located at 5966 La Place Court, Carlsbad, California, as more particularly described in the Lease (the “Existing Premises”); and

WHEREAS, Landlord and Tenant wish to amend certain provisions of the Lease as provided herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree to amend the Lease as follows.

AGREEMENT

1. **Definitions.** Capitalized terms used in this First Amendment shall have the same meanings ascribed to such capitalized terms in the Lease, unless otherwise provided for herein.
2. **Modifications.** Modifications to the Lease:
 - A. **Extension of Term for Existing Premises.** Landlord and Tenant agree to extend the Term of the Lease with respect to the Existing Premises until June 30, 2022.
 - B. **Base Rent for the Existing Premises.** Commencing on the Effective Date, Base Rent for the Existing Premises shall be payable according to the following schedule:

Period	Annual Base Rent	Monthly Base Rent	Approx. Monthly Base Rent/S.F.
Effective Date – 5/31/2015	\$669,555.00*	\$55,796.25*	\$1.25*
6/1/2015 – 5/31/2016	\$689,641.68	\$57,470.14	\$1.29
6/1/2016 – 5/31/2017	\$710,330.88	\$59,194.24	\$1.33
6/1/2017 – 5/31/2018	\$731,640.84	\$60,970.07	\$1.37
6/1/2018 – 5/31/2019	\$753,590.04	\$62,799.17	\$1.41
6/1/2019 – 11/30/2019	\$776,197.80	\$64,683.15	\$1.45
12/1/2019 – 12/31/2019	\$924,794.04	\$77,066.17	\$1.73
1/1/2020 – 12/31/2020	\$952,537.92	\$79,378.16	\$1.78
1/1/2021 – 12/31/2021	\$981,114.00	\$81,759.50	\$1.83
1/1/2022 – 6/30/2022	\$1,010,547.48	\$84,212.29	\$1.89

* Subject to abatement pursuant to Section 3.2 of the Lease.

- C. **Expansion Premises.** The “Expansion Premises” shall mean the approximately 24,002 rentable square feet of area commonly known as Suite 170 in the Building, as shown on Exhibit A attached hereto. Beginning on January 1, 2016 and subject to adjustment per Section 2 of Exhibit

B. (the “Expansion Date”), Landlord shall deliver possession of the Expansion Premises to Tenant and the Expansion Premises shall be added to the Existing Premises and the term “Premises”, as used in the Lease, shall refer to the Existing Premises and the Expansion Premises. The Expansion Premises shall be subject to and benefit from all the terms and provisions of the Lease, except that Section 13 of the Summary and the Work Letter attached as Exhibit C to the Lease shall not be applicable to the Expansion Premises (however references to the “Tenant Improvements,” the Tenant Work Letter and Exhibit C as applicable to the Expansion Premises shall be deemed references to “Landlord’s Work,” the Work Letter and Exhibit B hereof) and except that Tenant’s obligation to pay Base Rent and Tenant’s Share of Direct Expenses with respect to the Expansion Premises shall be as provided herein. Base Rent, Additional Rent, Tenant’s Share of Direct Expenses, and all other rental and charges respecting the Expansion Premises are sometimes herein called the “Expansion Premises Rent.”

D. Base Rent for the Expansion Premises. Beginning on the Expansion Date, the Base Rent for the Expansion Premises shall be payable according to the following schedule:

Period*	Annual Base Rent	Monthly Base Rent	Approx. Monthly Base Rent/S.F.
1/1/2016 – 12/31/2016**	\$455,077.92	\$37,923.16	\$1.58
1/1/2017 – 12/31/2017	\$468,730.20	\$39,060.85	\$1.63
1/1/2018 – 12/31/2018	\$482,792.16	\$40,232.68	\$1.68
1/1/2019 – 12/31/2019	\$497,275.92	\$41,439.66	\$1.73
1/1/2020 – 12/31/2020	\$512,194.20	\$42,682.85	\$1.78
1/1/2021 – 12/31/2021	\$527,560.08	\$43,963.34	\$1.83
1/1/2022 – 6/30/2022	\$543,386.88	\$45,282.24	\$1.89

* The below dates (except the last) shall be delayed by one (1) day for each day the Expansion Date is delayed beyond January 1, 2016, subject to the terms of Section 2 of the Work Letter.

** Subject to abatement pursuant to Section 2.E below.

E. Abatement. Provided Tenant is not in default beyond any applicable notice or cure period under the Lease, fifty percent (50%) of Base Rent for the Expansion Premises shall be abated for the twelve (12) month period commencing on the Expansion Date and continuing up to and including the twelfth (12th) month following the Expansion Date (the “Abatement Period”). In no event shall said Abatement Period be deemed to reduce or eliminate Tenant’s obligation to pay the unabated portion of Base Rent, Additional Rent, including but not limited to, Tenant’s Share of Direct Expenses, or Base Rent for the Existing Premises due to Landlord during the Abatement Period. In the event of a default by Tenant under the terms of the Lease that results in early termination of the Lease, then as part of the recovery set forth in the Lease, Landlord shall be entitled to recover the unamortized balance, as of the date of such termination of the Lease, of the monthly Base Rent that was abated under this Section 2.E. Amortization pursuant to the immediately preceding sentence shall be calculated on a straight-line basis, based on a seventy-eight month amortization schedule commencing as of the Expansion Date.

F. Tenant’s Percentage. Beginning on the Expansion Date: (i) the area of the Expansion Premises shall be deemed to be 24,002 rentable square feet; (ii) the area of the entire Premises shall be deemed to be 68,639; (iii) Tenant’s Share of Direct Expenses for the Expansion Premises shall be deemed to be 34.39%; and (iv) Tenant’s Share of Direct Expenses for the entire Premises shall be deemed to be 98.35%.

G. Separate or Combined Billings. Landlord may bill the Expansion Premises Rent for the Expansion Premises separately or treat the Expansion Premises and the Existing Premises as one unit for billing purposes. Any default respecting any separate billing shall be a default with respect to the entire Premises and the Lease.

H. Expansion Premises Term. The term of the Expansion Premises shall commence on the Expansion Date and, unless sooner terminated in accordance with the terms and conditions of the Lease, shall expire on June 30, 2022 (the "Expansion Term"). As of the Effective Date, the definition of "Lease Term" in the Lease shall include the Expansion Term.

I. Security Deposit. Upon execution of this First Amendment, the Security Deposit shall be increased from \$64,683.15 to \$129,494.51.

J. Condition of Premises: Improvements. Landlord, at Landlord's sole cost, shall provide that the roof is leak-free, windows, exterior walls, floors, and those HVAC units described on Exhibit C attached hereto (the "HVAC Units") existing as of the Effective Date and serving or within the Expansion Premises are in good working condition on the Expansion Date. If it is reasonably determined by the General Contractor during the Landlord's Work or by Tenant (subject to confirmation by the General Contractor) within the first three months of Tenant's occupancy that the roof, windows, exterior walls, floors or the HVAC Units existing as of the Effective Date and serving or within the Expansion Premises do not have a remaining useful life of at least the Lease Term, then such systems shall be repaired or replaced by Landlord at Landlord's sole cost. Any such compliance, repair or replacement work required for the above, shall be at Landlord's sole expense and shall not be deducted in any way from the Landlord's Cap. Tenant has inspected the Expansion Premises and agrees to accept the same "as is" without any representation or warranty and without any agreements, representations, understandings or obligation on the part of the Landlord to perform any alterations, repairs or improvements; provided, however, that Landlord shall perform improvements to the Premises in accordance with the Work Letter attached hereto as Exhibit B, repairs or replacements required to comply with the requirements of this Section 2.J. and Landlord's delivery obligations hereunder ("Required Condition").

K. Signage. Landlord, at Landlord's expense, shall provide Tenant with Building standard lobby directory, elevator lobby, and suite entry signage for the Expansion Premises and Tenant at its sole cost and expense may install (i) one (1) panel on the existing monument sign located at the Project and (ii) one (1) additional building top sign on the roof of the Building. Landlord shall have reasonable review and approval rights of Tenant's signage. Such signage shall be subject to all applicable laws and ordinances. Upon the expiration or earlier termination of the Lease, Tenant, at Tenant's sole cost and expense, shall remove any signs installed by Tenant or its agents, employees or contractors and repair any damage caused by such removal, including but not limited to repainting so that the repaired surface matches the surrounding surface and the area appears as though such signs were never installed. Tenant shall at all times maintain any signs installed by Tenant or its agents, employees or contractors in good condition and repair. Except as otherwise expressly provided in this First Amendment, all signage for the Expansion Premises shall be subject to Article 23 of the Lease.

L. Proposition 13 Protection. Landlord and Tenant hereby agree that (i) commencing on the Expansion Date, Section 4.6 of the Lease is of no force and effect with respect to the Expansion Premises and (ii) commencing on December 1, 2019, Section 4.6 of the Lease is hereby deleted and of no further force and effect with respect to the Existing Premises. For clarity, as of December 1, 2019, Section 4.6 of the Lease shall be deleted in its entirety and of no further force or effect with respect to the entire Premises.

M. Option Term. Landlord hereby grants to the original Tenant named in the Lease (the "Original Tenant") or an Affiliated Assignee (as defined in Section 14.7 of the Lease) one (1) option to extend the Lease Term with respect to the entire Premises for a period of five (5) years (the "Option Term"), which option shall be exercisable only by written notice ("Option Notice") delivered by Tenant to Landlord as provided in Section 2.M.ii below, provided that, (i) as of the date of delivery of such notice and, at Landlord's option, as of the last day of the Lease Term as extended by this First Amendment, Tenant is not in default under the Lease after the expiration of applicable cure periods. The rights contained in this Section 2.M shall be personal to the Original Tenant or an Affiliated Assignee and may only be exercised by the Original Tenant or such Affiliated Assignee (and not any other assignee, sublessee or other transferee of the Original Tenant's interest in the Lease) if the Original Tenant or the Affiliated Assignee occupies the entire Premises (both the Existing Premises and the Expansion Premises) as of the date of the Option Notice.

i. Option Rent. The Rent payable by Tenant during the Option Term (the "Option Rent") shall be equal to the Base Rent plus the Additional Rent, as those terms are defined herein, provided that the Base Rent shall equal ninety-eight percent (98%) of the then prevailing fair market rent for the Premises as of the commencement date of the Option Term as determined in this Section 2.M. The then prevailing fair market rent shall be the rental rate, including all escalations, at which non-equity, renewal tenants, as of the commencement of the Option Term, are entering into leases for non-sublease, non-encumbered space comparable in size, location, leasehold improvements and quality to the Premises for a term of approximately the Option Term, which comparable space is located in Comparable Projects (as defined in Section 5.1 of the Lease), taking into consideration the following: (i) rental abatement concessions, if any, being granted such tenants in connection with such comparable space and (ii) tenant improvements or allowances provided or to be provided for such comparable space, taking into account, and deducting the value of, the existing improvements in the Premises, with such value to be based upon the age, quality and layout of the improvements and the extent to which the same could be utilized by Tenant based upon the fact that the precise tenant improvements existing in the Premises are specifically suitable to Tenant, and (iii) lease assumptions/takeovers, moving expenses and other concessions, if any, being granted such tenants in connection with such comparable space, extent of services provided, distinction between gross and net rental rates, base year expenses and other amounts allowed for escalation purposes, parking charges, if any, and the creditworthiness of Tenant.

ii. Exercise of Option. The option contained in this Section 2.M shall be exercised by Tenant, if at all, only in the following manner: (i) Tenant shall deliver written notice ("Interest Notice") to Landlord on or before the date which is not more than twelve (12) months nor less than nine (9) prior to the expiration of the Lease Term as extended by this First Amendment, stating that Tenant is interested in exercising its option; (ii) Landlord, after receipt of Tenant's notice, shall deliver notice (the "Option Rent Notice") to Tenant not less than eight (8) months prior to the expiration of the Lease Term as extended by this First Amendment, setting forth the proposed Option Rent; and (iii) if Tenant wishes to exercise such option, Tenant shall, on or before the earlier of (A) the date occurring seven (7) months prior to the expiration of the Lease Term as extended by this First Amendment, and (B) the date occurring thirty (30) days after Tenant's receipt of the Option Rent Notice, exercise the option by delivering the Option Notice to Landlord and upon and concurrent with such exercise, Tenant may, at its option, object to the Option

Rent contained in the Option Rent Notice. Failure of Tenant to deliver the Interest Notice to Landlord on or before the date specified in (i) above or to deliver the Option Notice to Landlord on or before the date specified in (iii) above shall be deemed to constitute Tenant's failure to exercise its option to extend. If Tenant timely and properly exercises its option to extend, the Lease Term shall be extended for the Option Term upon all of the terms and conditions set forth in the Lease, except that the Rent shall be as indicated in the Option Rent Notice unless Tenant, concurrently with Tenant's acceptance, objects to the Option Rent contained in the Option Rent Notice, in which case the parties shall follow the procedure and the Option Rent shall be determined as set forth in Section 2.M.iii below.

iii. Determination of Option Rent. If Tenant timely and appropriately objects to the Option Rent in Tenant's acceptance, Landlord and Tenant shall attempt to agree upon the Option Rent using good-faith efforts. If Landlord and Tenant fail to reach agreement within thirty (30) days following Tenant's acceptance ("Outside Agreement Date"), then each party shall make a separate determination of the Option Rent which shall be submitted to each other and to arbitration in accordance with the following Sections 2.M.iii(A) through 2.M.iii(G); provided, however, if the lower determination is within five percent (5%) of the higher determination, the Option Rent shall be the average of the two (2) determinations, without any further proceedings or determination:

(A) Landlord and Tenant shall each appoint, within ten (10) days of the Outside Agreement Date, one arbitrator who shall by profession be a current real estate broker or appraiser of comparable commercial properties in the vicinity of the Building, and who has been active in such field over the last five (5) years. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Option Rent as determined by the arbitrators, taking into account the requirements of Section 2.M.i, above (i.e., the arbitrators may only select Landlord's or Tenant's determination of Option Rent and shall not be entitled to make a compromise determination).

(B) The two (2) arbitrators so appointed shall within five (5) business days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

(C) The three (3) arbitrators shall within fifteen (15) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent, and shall notify Landlord and Tenant thereof.

(D) The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

(E) If either Landlord or Tenant fails to appoint an arbitrator within ten (10) days after the applicable Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

(F) If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, or both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instructions set forth in this Section 2.M.iii.

(G) The cost of arbitration shall be paid by the party whose determination of Option Rent is not selected by the arbitrators.

N. Surrender of Expansion Premises. Upon the expiration or earlier termination of the Expansion Term, Tenant shall surrender the Expansion Premises in as good order and condition as when Tenant took possession, reasonable wear and tear, casualty, condemnation and repairs which are specifically made the responsibility of Landlord under the Lease excepted. Prior to such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Expansion Premises all debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Expansion Premises, and Tenant shall repair at its own expense all damage to the Expansion Premises (other than reasonable wear and tear) and Building resulting from such removal, which repair shall include steam cleaning the carpet in the Expansion Premises. In addition to the foregoing, Landlord has the right, exercisable in its sole discretion, to require that Tenant remove any or all improvements (including Landlord's Work as defined in the Work Letter that Landlord reasonably determines to be non-building standard prior to final approval of the Plans) or alterations installed in the Expansion Premises and, if Landlord so elects, Tenant shall, without expense to Landlord, remove or cause to be removed from the Expansion Premises all such improvements or alterations, and Tenant shall repair at its own expense all damage to the Expansion Premises (other than reasonable wear and tear) and Building resulting from such removal. If any such removal is required, Landlord shall notify Tenant at or prior to the time it approves the Plans which improvements will be required to be removed and restored by Tenant and which improvements may be surrendered. Landlord may notify Tenant in writing that Landlord will perform all or any portion of such removal or repair on Tenant's behalf and at Tenant's sole cost and expense (plus a five percent (5%) administrative fee), in which case, at Landlord's election, either (i) Landlord shall be reimbursed for such costs actually incurred out of the Security Deposit, or (ii) Tenant shall pay to Landlord the estimated cost for such removal and/or repair within five (5) days of Landlord's demand and, upon completion of such removal and/or repair, Tenant shall pay to Landlord any difference between the actual cost for such removal and/or repair and the estimated cost previously paid to Landlord within five (5) days of Landlord's demand or Landlord shall reimburse Tenant for any amount by which the estimated cost exceeds the actual cost. The foregoing payment obligation shall survive the expiration of this Lease. At Landlord's election, all improvements, alterations, trade fixtures, equipment, wire and cable, furniture, fixtures, other personal property not removed from the Expansion Premises at the expiration of the Expansion Term shall conclusively be deemed to have been abandoned by Tenant and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without notice to Tenant or to any other person and without obligation to account for them. Tenant shall pay Landlord all reasonable expenses incurred in connection with Landlord's disposition of such property, including without limitation the cost of repairing any damage to the Building or the Expansion Premises caused by removal of such property, and shall hold Landlord harmless from loss, liability, or expense arising from the claims of third parties

such as Tenant's lenders whose loans are secured by such property. Tenant's obligations under this section shall survive the end of this Lease.

O. Right of First Refusal. Provided that (i) Tenant is not then in default under the Lease beyond applicable notice and cure periods, (ii) the Lease is then in full force and effect, and (iii) the Tenant named herein has not assigned the Lease (other than to an Affiliate) or sublet any part of the Premises (other than to an Affiliate) and either Tenant or an Affiliate is then in actual occupancy of the entire Premises demised thereunder, and if, during the period commencing on the Effective Date and terminating on November 30, 2019 (the "ROFR Period"), Landlord receives a proposal or expression of intent to lease from a third party which Landlord is willing to accept (an "Offer") for the lease of all of (a) any contiguous space in the Building, or (b) any space containing a minimum of 5,000 square feet of space in either of the other two (2) buildings on the Real Property, then Landlord shall notify Tenant of the Offer and shall include a redacted copy of the letter of intent for the Offer ("First Refusal Notice"). Tenant shall thereupon have the one time right and option to lease the space described in the Offer (the "Offered Space") upon such terms and conditions as are set forth in the Offer by delivering final and irrevocable notice to Landlord within five (5) business days after receipt of the First Refusal Notice, time being of the essence. Promptly following Tenant's election to the lease the Offered Space, the parties shall enter into a supplemental agreement to the Lease on a form prepared by Landlord incorporating the Offered Space as part of the Premises, provided, however, that the execution of such supplemental agreement shall not be a condition to the effectiveness of Tenant's election to lease the Offered Space. If Tenant fails to lease the Offered Space in compliance with the terms and conditions of this Section then Tenant shall have no further rights under this Section with respect to the Offered Space described in the First Refusal Notice. Notwithstanding the foregoing, if after Tenant elects (or is deemed to have elected) not to lease the Offered Space, Landlord intends to enter into a lease upon terms which are materially more favorable to a third (3rd) party tenant than the terms set forth in such First Refusal Notice, Landlord shall first deliver written notice to Tenant ("Second Chance Notice") providing Tenant with the opportunity to lease the space described in the First Refusal Notice on such materially more favorable terms. Tenant's failure to elect to lease the space described in the First Refusal Notice upon such materially more favorable terms by written notice to Landlord within three (3) business days after Tenant's receipt of such Second Chance Notice from Landlord shall be deemed to constitute Tenant's election not to lease such space upon such materially more favorable terms, in which case Landlord shall be entitled to lease such space to any third (3rd) party on terms not materially more favorable to the third (3rd) party than those set forth in the Second Chance Notice. For purposes of this Section, the terms shall be considered "materially more favorable" if the financial terms described in the First Refusal Notice change in Tenant's favor by more than five percent (5%). Tenant's rights under this Section will be subject to the rights of expansion, renewal, first refusal, first offer, or similar rights contained in any existing lease or leases. Tenant's right of first refusal provided herein does not apply to any space which is available as of the date of this First Amendment. Landlord shall not be liable for any damages for any holdover tenant or other occupant of any Offered Space, but shall use commercially reasonable efforts to cause such holdover tenant or other occupant to promptly vacate the Offered Space.

P. Deletion. Landlord and Tenant hereby agree that Sections 1.4 and 2.2 of the Lease are hereby deleted in their entirety and of no further force or effect and shall be replaced by Sections 2.M. and 2.O hereof, respectively.

Q. Notices. All notices required or permitted by the Lease, as amended hereby, to be delivered to Landlord shall hereafter be delivered as follows:

To Landlord: BROOKWOOD CB I, LLC
 BROOKWOOD CB II, LLC
 c/o Brookwood Management Partners, LLC
 72 Cherry Hill Drive
 Beverly, Massachusetts 01915
 Attention: Kurt Zernich, Director of Asset Management

R. Real Estate Brokers. Tenant utilized the services of Cushman & Wakefield (the “Tenant’s Broker”) in connection with this First Amendment. Landlord shall pay the commission due the Tenant’s Broker per a separate agreement. Tenant hereby agrees with respect to this First Amendment to (A) forever indemnify, defend and hold Landlord harmless from and against any commissions, liability, loss, cost, damage or expense (including reasonable attorneys’ fees) that may be asserted against or incurred by Landlord (1) by any broker claiming through Tenant or (2) as a result of any misrepresentation by Tenant hereunder and (B) discharge any lien placed against the Real Property by any broker as a result of the foregoing.

3. Governing Law. This First Amendment shall be governed by and construed in accordance with the laws of the State of California (without regard to conflicts of law).
4. Ratification of Lease. Except as modified hereby, all other terms and conditions of the Lease remain unchanged and in full force and effect and are hereby ratified and confirmed by the parties hereto. Tenant accepts the Premises (including the Expansion Premises) in its “as is” and “where is” condition subject to the provisions of the Lease and this First Amendment. Tenant represents and warrants to Landlord that as of the date of Tenant’s execution of this First Amendment: (a) to Tenant’s current actual knowledge, Tenant is not in default under any of the terms and provisions of the Lease; (b) Landlord is not in default in the performance of any of its obligations under the Lease and to Tenant’s current, actual knowledge, Tenant is unaware of any condition or circumstance which, with the giving of notice or the passage of time or both, would constitute a default by Landlord; (c) Landlord has completed, to Tenant’s satisfaction the “Tenant Improvements” under the Lease and, except as expressly provided herein, has paid any and all allowances required of it under the Lease; and (d) Tenant has no current defenses, liens, claims, counterclaims or right to offset against Landlord or against the obligations of Tenant under the Lease.
5. Limitation of Liability. The limitation of liability in Section 29.14 of the Lease shall apply as to this First Amendment.
6. Entire Agreement. This First Amendment, in conjunction with the Lease, constitutes the entire agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes all oral and written agreements and understandings made and entered into by the parties prior to the date hereof.
7. Multiple Counterparts. This First Amendment may be executed in multiple counterparts, all of which, when taken together, shall constitute one and the same instrument.
8. Lender Consent. Landlord represents that, if such consent is required, it has received the consent of its lender to this First Amendment.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the Effective Date stated above.

TENANT:

MAXLINEAR, INC.,
a Delaware corporation

By: ___/s/ Adam C. Spice_____
Name: Adam C. Spice
Title: CFO

Date: ___ 4/28/2015 _____

LANDLORD:

BROOKWOOD CB I, LLC,
a Delaware limited liability company

By: Brookwood CB Investors, LLC
a Delaware limited liability company,
its Sole Member

By: Brookwood CB Co., LLC,
a Delaware limited liability company,
its Managing Member

By: ___/s/ Kurt M. Zernich_____
Name: Kurt M. Zernich
Title: Authorized Signer

Date: ___ 5/6/2015 _____

BROOKWOOD CB II, LLC,
a Delaware limited liability company

By: Brookwood U.S. Real Estate Aggregator, L.P.
a Delaware limited partnership,
its Sole Member

By: Brookwood U.S. Real Estate Fund GP, LLC,
a Delaware limited liability company,
its General Partner

By: ___/s/ Kurt M. Zernich_____
Name: Kurt M. Zernich
Title: Authorized Signer

Date: ___ 5/6/2015 _____

EXHIBIT A

Expansion Premises

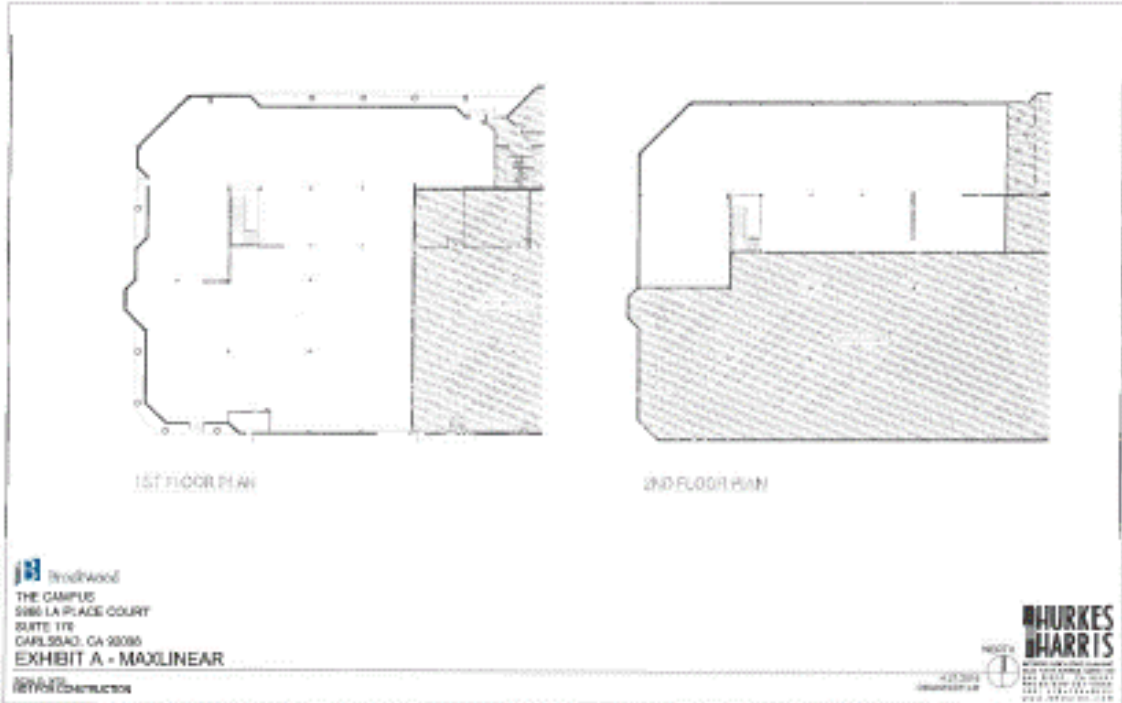


EXHIBIT B

Work Letter

1. Landlord's Work. Landlord will make certain improvements to the Expansion Premises (the "Landlord's Work") as set forth on the "Plan" (as hereinafter defined). Tenant shall have the right to designate the architect/space planner and engineers or consultants for the Landlord's Work, subject to Landlord's reasonable approval, which costs may be paid for as part of the Landlord's Cap. Tenant agrees to meet with Landlord's architect and/or space planner for the purpose of promptly preparing more detailed plans for the layout of the Expansion Premises ("Space Plan"). Tenant shall have five (5) business days from Landlord's submission of such Space Plan to Tenant to approve or disapprove the same. Tenant's failure to so approve or disapprove within such five (5) business day period shall constitute a Tenant Delay (as defined herein) and, at Landlord's election, be deemed Tenant's approval thereof. Tenant's disapproval of such Space Plan shall specifically identify the nature of such disapproval. Landlord shall then have the Space Plan amended to incorporate those items specified in Tenant's disapproval to which Landlord agrees. Tenant's approval of the Space Plan shall not be unreasonably withheld, conditioned or delayed. Landlord and Tenant shall diligently work together in good faith to agree upon the Space Plan, it being agreed that Tenant shall have no right to request that the Space Plan be revised except pursuant to Section 4 below. Upon approval, or deemed approval, of the Space Plan the same shall be deemed the "Plan" for the purposes of this Work Letter. Following the parties' approval of the Plan, Landlord shall submit the Plan for competitive bidding to at least three (3) contractors from a list of contractors mutually approved by Landlord and Tenant. All bids will be opened together with Landlord selecting the general contractor to construct the Landlord's Work (the "General Contractor"), subject to the reasonable approval of Tenant. The amount of the General Contractor's bid, with such changes as may be approved in writing between Landlord and Tenant prior to final selection of the General Contractor, shall be deemed to be the "Budget" for the Landlord's Work. Except as may be otherwise shown on the Plans, Landlord shall perform Landlord's Work using building standard materials, quantities and procedures then in use by Landlord.

In no event shall Landlord be obligated to spend more than One Million Five Hundred Forty-Three Thousand Two Hundred Ninety-Five and 00/100 Dollars (\$1,543,295) (the "Landlord's Cap") in performing Landlord's Work. Any costs in performing Landlord's Work in excess of Landlord's Cap which are approved in conformity with this Work Letter (the "Excess"), shall be paid by Tenant within five (5) business days of receipt of written invoice by Landlord. In the event Tenant fails to timely pay any such Excess, Landlord shall be entitled to suspend the performance of Landlord's Work until such time as such payment is received by Landlord and said suspension shall be deemed a Tenant Delay. The cost of Landlord's Work for calculations relative to the Landlord's Cap shall include all costs incurred by Landlord to plan, design and perform Landlord's Work, including without limitation, the fees and charges of Landlord's architect, Landlord's engineer and the General Contractor, all permit and inspection fees and charges, and any costs incurred by or charged to Landlord for (i) substitution of materials or finishes due to the unavailability of materials or finishes specified in Tenant's request, (ii) necessary modification of any portions of the Building or its systems to accommodate Landlord's Work, except as otherwise set forth herein, and (iii) any change to comply with applicable laws, regulations, codes or ordinances and/or the requirements of any building inspector with jurisdiction over Landlord's Work. Landlord may deduct from the Landlord's Cap a project management fee equal to two percent (2%) of the total cost of Landlord's Work. Notwithstanding anything to the contrary herein, if the aggregate total cost of Landlord's Work performed pursuant to this Work Letter is less than the Landlord's Cap, any unused portion of Landlord's Cap up to \$77,165.00 shall be applied to offset the Base Rent next due under the Lease, once the exact amount of such unused portion of the Landlord's Cap is determined by Landlord ("Base Rent Credit"). Except as otherwise provided herein, any unused portion of

EXHIBIT B

the Landlord's Cap after application of the Base Rent Credit shall be available to Tenant for a period of up to twenty-four (24) months following the Expansion Date to use for the cost of subsequent Alterations (the "Remainder"). Provided Tenant (i) has completed all of such subsequent Alterations in accordance with the terms of the Lease, has paid for all of such subsequent Alterations in full and has delivered to Landlord lien waivers from all persons who might have a lien as a result of such work in recordable form, (ii) has delivered to Landlord its certificate specifying the total cost of such subsequent Alterations and all contractors involved with such subsequent Alterations, together with evidence of such cost in the form of paid invoices, receipts and the like, (iii) has made written request for such payment on or before that date which is twenty-four (24) months following the Expansion Date, (iv) is not otherwise in default under the Lease beyond applicable notice and cure periods, and (v) there are no liens against Tenant's interest in the Lease or arising out of such subsequent Alterations, then within thirty (30) days after the satisfaction of the foregoing conditions, Landlord shall pay to Tenant the lesser of the amount of such costs so certified or the Remainder. For the purposes hereof, the cost to be so reimbursed by Landlord shall include the hard costs of such subsequent Alterations, together with Tenant's actual out-of-pocket engineering, architectural and permitting costs, but not the cost of any of Tenant's personal property, trade fixtures, trade equipment, or wiring. Landlord shall be under no obligation to apply any portion of the Remainder for any purposes other than as provided herein, nor shall Landlord be deemed to have assumed any obligations, in whole or in part, of Tenant to any contractors, subcontractors, suppliers, workers or materialmen. Further, in no event shall Landlord be required to pay any portion of the Remainder on account of any supervisory fees, overhead, management fees or other payments to Tenant, or any partner or affiliate of Tenant. Any portion of the Remainder which not requested or applied in compliance with the terms and conditions hereof on or before that date which is twenty-four (24) months following the Expansion Date shall be retained by Landlord and forfeited by Tenant. The costs of the Landlord's Work shall not include (and Landlord shall be solely responsible for and the Landlord's Cap shall not be used for) the following: (a) costs which are expressly made Landlord's responsibility hereunder; (b) costs incurred due to the presence of Hazardous Materials in the Premises or the surrounding areas; (c) attorneys' fees incurred in connection with negotiation of construction contracts, and attorneys' fees, experts' fees and other costs in connection with disputes with third parties; (d) interest and other costs of financing construction costs; (e) costs incurred as a consequence of delay (unless the delay is caused by Tenant), construction defects or default by a contractor; (f) costs recoverable by Landlord upon account of warranties and insurance; (g) restoration costs in excess of insurance proceeds as a consequence of casualties; (h) penalties and late charges attributable to Landlord's failure to pay construction costs; (i) costs to bring the Common Areas of the Project into compliance with Applicable Laws as of the Expansion Date, except to the extent required because of Tenant's use of all or a portion of the Premises for other than the permitted use; (j) wages, labor and overhead for overtime and premium time; and (k) construction management, profit and overhead charges in excess of 2% of the total costs of the Landlord's Work.

2. Substantial Completion. "Substantial Completion" or "Substantially Complete" means that Landlord's Work has been sufficiently completed such that the Premises is suitable for its intended purpose, notwithstanding any minor or insubstantial details of construction, decoration or mechanical adjustment that remain to be performed. Landlord will use commercially reasonable efforts to Substantially Complete Landlord's Work on or before January 1, 2016. If there is a delay in the Substantial Completion of the Landlord's Work for any reason neither Landlord, nor the managing or leasing agent of the Building, nor any of their respective agents, partners or employees, shall have any liability to Tenant in connection with such delay, nor shall the Lease be affected in any way except that the Expansion Date shall not occur until Landlord's Work is Substantially Complete and Landlord has delivered possession of the Expansion Premises in the Required Condition. Notwithstanding the foregoing or any language of the Lease to the contrary, if Substantial Completion of Landlord's Work is delayed by a Tenant Delay (as defined below), then Tenant shall begin paying Rent as required under the Lease as of the date the Expansion Date would have occurred but for such Tenant Delay. Landlord's Work shall be performed in a good and workmanlike manner, in

EXHIBIT B

accordance with the approved Plans and in conformity with applicable codes and regulation of governmental authorities having jurisdiction over the Building and the Premises and valid building permits and all other authorizations from appropriate governmental agencies when required, shall be obtained for the Landlord's Work.

3. Tenant Delay. "Tenant Delay" means the occurrence of any one or more of the following which cause a delay in the completion of Landlord's Work: (i) Tenant is Delinquent (as hereafter defined) in submitting to Landlord any information, authorization or approvals requested by Landlord in connection with the performance of Landlord's Work; (ii) the performance or completion of any work or activity by a party employed by Tenant, including any of Tenant's employees, agents, contractors, subcontractors and materialmen that continues for more than one (1) day after notice thereof from Landlord; (iii) any postponements or delays requested by Tenant and agreed to by Landlord regarding the completion of the Landlord's Work; (iv) any error in Landlord's Work caused or related to any act or omission by Tenant or its employees or agents; (v) the performance of any TI Changes (as defined below in the amount of delay set forth in the approved change order); or (vi) any other act or omission of the Tenant which causes a delay in the completion of Landlord's Work that continues for more than one (1) day after notice thereof from Landlord. For the purposes of this Section, the term "Delinquent" shall mean that the action or communication required of Tenant is not taken within five (5) business days following request by Landlord.

4 . Changes to Landlord's Work. Tenant will have no right to make any changes ("TI Changes") to the Plan or Landlord's Work without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed, except for those TI Changes which are structural in nature which Landlord may reject in its sole discretion, and the execution by Landlord and Tenant of a written change order which specifies (i) the nature of the TI Changes and (ii) the cost to Tenant and any Tenant Delay as a result of such TI Changes. Tenant shall be solely responsible for the costs of all TI Changes which exceed Landlord's Cap in the amount set forth in the approved change order and Tenant shall pay such costs as Additional Rent upon demand.

5. Early Access. So long as such access does not interfere with Landlord's construction of the Landlord's Work, Tenant shall have the right to access the Expansion Premises prior to the completion of the Landlord's Work for the purpose of installing its equipment, data, telecommunications systems and trade fixtures ("Tenant's Work"). Such access shall be subject to reasonable scheduling by Landlord. In connection with such access, Tenant agrees (a) to cease promptly upon notice from Landlord any Tenant's Work which has not been approved by Landlord or is not in compliance with the provisions of the Lease or which shall interfere with or delay the performance of Landlord's Work, and (b) to comply promptly with all reasonable procedures and regulations prescribed by Landlord from time to time for coordinating the Landlord's Work and the Tenant's Work, each with the other and with any other activity or work in the Building. Such access shall be subject to all of the terms of the Lease except the obligation to pay Rent until otherwise required by the terms of the Lease; provided, however, that if Tenant commences operation of its business in all or any portion of the Expansion Premises, the date on which Tenant commences operation of its business shall be deemed the Expansion Date and Tenant shall be obligated to pay Rent pursuant to the terms of this First Amendment. Without limiting the foregoing, prior to accessing the Expansion Premises, Tenant shall provide to Landlord, in form and substance reasonably acceptable to Landlord: (i) a detailed description of and schedule for Tenant's Work; (ii) the names and addresses of all contractors who or which will be entering the Expansion Premises on behalf of Tenant to perform Tenant's Work or will be supplying materials for such work, and the approximate number of individuals who will be present in the Expansion Premises; (iii) copies of all contracts pertaining to Tenant's Work; (iv) copies of all plans and specifications pertaining to Tenant's Work; (v) copies of all licenses and permits required in connection with the performance of Tenant's Work; and (vi) certificates of insurance (in amounts reasonably satisfactory to Landlord and with the parties identified in, or required by, the Lease named as additional insureds).

EXHIBIT B

If Tenant fails or refuses to comply or cause its contractors to comply with any of the obligations described or referred to above, then immediately upon notice to Tenant, Landlord may revoke Tenant's right to access the Expansion Premises prior to the date of Substantial Completion of Landlord's Work. Landlord shall assume no responsibility for the quality or completion of the Tenant's Work under this Section, and shall not be responsible for equipment or supplies left or stored in the Expansion Premises by Tenant or Tenant's contractors. Tenant's access to the Expansion Premises pursuant to this Section shall be at the sole risk of Tenant.

EXHIBIT B

EXHIBIT C

The HVAC Units

5966 LAPLACE COURT -SUITE 170

<p><u>170-02*</u> CARRIER Year: 2006 4 Ton Model #: 50JS048601 Serial #: 4806G31153</p>	<p><u>170-03</u> BDP Year: 1995 4 Ton Model #: 548CEX090000ADAA Serial #: 2495G30563</p>	<p><u>170-04</u> RHEEM Year: 2004 4 Ton Model #: RJKAA048DM Serial #: 5578F350411999</p>
<p><u>170-05</u> CARRIER Year: 2006 2.5 Ton Model #: 50JS030501 Serial #: 4906G21578</p>	<p><u>170-06</u> CARRIER Year: 2005 2.5 Ton Model #: 50JS030501 Serial #: 3205G41393</p>	<p><u>170-07</u> RHEEM Year: 2004 4 Ton Model #: RJKAA048DM Serial #: 5578F490405022</p>
<p><u>170-08*</u> CARRIER Year: 2003 5 Ton Model #: 50JS060601 Serial #: 3803G41361</p>	<p><u>179-09*</u> CARRIER Year: 2006 4 Ton Model #: 50JS048601 Serial #: 4806G31152</p>	<p><u>170-10*</u> BRYANT Year: 2008 4 Ton Model #: 604AEX048000AA Serial #: 1208G11837</p>
<p><u>170-11</u> CARRIER Year: 2005 2 Ton Model #: 50JS024301 Serial #: 2305G12241</p>	<p><u>170-12</u> BRYANT Year: 2008 4 Ton Model #: 604AEX048000AA Serial #: 1008G41116</p>	<p><u>170-14</u> CARRIER Year: 1995 5 Ton Model #: 50HS060601AB Serial #: 2995G80170</p>
<p><u>170-15*</u> CARRIER Year: 2006 3 Ton Model #: 50JS036501 Serial #: 4906G31063</p>	<p><u>170-16*</u> CARRIER Year: 1995 5 Ton Model #: 50HS060601AB Serial #: 0495G10191</p>	<p><u>170-18</u> CARRIER Year 1995 4 Ton Model #: 50HS048601AB Serial #: 0495G10155</p>

*No Electrical, Plumbing or Duct Work Connected.

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Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kishore Seendripu, Ph.D., certify that:

1. I have reviewed this Form 10-Q of MaxLinear, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2015

/s/ Kishore Seendripu, Ph.D.

Kishore Seendripu, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Adam C. Spice, certify that:

1. I have reviewed this Form 10-Q of MaxLinear, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2015

/s/ Adam C. Spice

Adam C. Spice
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Kishore Seendripu, Ph.D., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of MaxLinear, Inc. on Form 10-Q for the fiscal quarter ended June 30, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of MaxLinear, Inc.

Date: August 10, 2015

By: /s/ Kishore Seendripu, Ph.D.

Name: Kishore Seendripu, Ph.D.

Title: President and Chief Executive Officer

I, Adam C. Spice, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of MaxLinear, Inc. on Form 10-Q for the fiscal quarter ended June 30, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of MaxLinear, Inc.

Date: August 10, 2015

By: /s/ Adam C. Spice

Name: Adam C. Spice

Title: Chief Financial Officer