



Q&A – TESSERA/BROADCOM LEGAL PROCEEDINGS

Updated June 20, 2016

The following Q&A address legal proceedings filed by Tessera Technologies, Inc. and certain of its subsidiaries (collectively, the “Company” or “Tessera”) against Broadcom Ltd., Broadcom Corp. and certain of its affiliates (collectively “Broadcom”), customers, and distributors. The Company’s comments are necessarily limited given that these are pending legal proceedings in their early stages.

SAFE HARBOR STATEMENT

This document contains forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties that could cause actual results to differ significantly from those projected, particularly with respect to the Company's proceedings against Broadcom and its affiliates, customers, and distributors, and the Company's financial guidance and projected litigation expenses for 2016. Material factors that may cause results to differ from the statements made include the plans or operations relating to the businesses of the Company; market or industry conditions; changes in patent laws, regulation or enforcement, or other factors that might affect the Company's ability to protect or realize the value of its intellectual property; the expiration of license agreements and the cessation of related royalty income; the failure, inability or refusal of licensees to pay royalties; initiation, delays, setbacks or losses relating to the Company's intellectual property or intellectual property litigations, or invalidation or limitation of key patents; fluctuations in operating results due to the timing of new license agreements and royalties, or due to legal costs; the risk of a decline in demand for semiconductors and products utilizing FotoNation technologies; failure by the industry to use technologies covered by the Company's patents; the expiration of the Company's patents; the Company's ability to successfully complete and integrate acquisitions of businesses; the risk of loss of, or decreases in production orders from, customers of acquired businesses; financial and regulatory risks associated with the international nature of the Company's businesses; failure of the Company's products to achieve technological feasibility or profitability; failure to successfully commercialize the Company's products; changes in demand for the products of the Company's customers; limited opportunities to license technologies due to high concentration in the markets for semiconductors and related products and smartphone imaging; and the impact of competing technologies on the demand for the Company's technologies. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this document. The Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended Dec. 31, 2015, and its Quarterly Report on Form 10-Q for the quarter ended Mar. 31, 2016, include more information

about factors that could affect the Company's financial results. The Company assumes no obligation to update information contained in this document. Although this document may remain available on the Company's website or elsewhere, its continued availability does not indicate that the Company is reaffirming or confirming any of the information contained herein.

BACKGROUND

Q1. Why did you file these legal proceedings against Broadcom?

We first reached out to Broadcom several years ago to explore technical collaboration on semiconductor technology development, and subsequently on licensing our intellectual property.

During our discussions with Broadcom prior to its merger with Avago, we presented Broadcom with what we believe to be strong evidence that many of its products are using our patented technologies, and we made a licensing proposal with financial terms approximately one year ago. Unfortunately, despite our professional approach and persistent efforts, our repeated requests to engage with Broadcom's business executives were rebuffed, and it is our belief that Broadcom intentionally stalled the discussions while continuing to use our intellectual property.

After the Broadcom merger with Avago, we established a relationship at senior levels with the new Broadcom. Our hope was that we could negotiate a fair and reasonable license agreement that would enable our two companies to work together, instead of spending resources in litigation. Although discussions have been more encouraging under the new Broadcom leadership, we haven't made the progress needed, and accordingly we determined that it was appropriate to take the actions we announced on May 23, 2016.

Q2. Do these proceedings signal a change in strategy, or does Tessera still consider legal action a "last resort" when all else fails?

This does not signal a broader change in strategy for the Company. As we have previously indicated, we take the decision to initiate legal proceedings very seriously and generally try to exhaust other avenues to resolve a dispute. Unfortunately, in some cases no agreement can be reached and legal proceedings are the only means by which we believe we can defend our intellectual property – this is one of those cases.

Q3. What does "Greenfield" mean?

"Greenfield" refers to our efforts to secure technology engagements and/or multi-year patent licenses with companies that have not previously been customers.

Broadcom is one of the companies who we had identified as a potential Greenfield customer.

Q4. Do the products at issue in the proceedings relate to pre-merger Avago, pre-merger Broadcom, or both?

The products specifically named in these proceedings relate to pre-merger Broadcom Corporation. Our complaints do not specifically identify any of the legacy Avago products. However, the precise parameters of our infringement proofs and requested relief will be determined as the cases move forward.

FINANCIAL AND BUSINESS

Q5. What is the magnitude of these proceedings?

We believe Broadcom is using our IP in many of its product lines. We are very well prepared and confident in our legal position, and would not have taken these actions if we did not believe the result could be significant and material for Tessera. However, we are still very early in these proceedings. We will provide updates as we learn more and are able to do so.

Q6. How much will these proceedings cost in 2016?

There are numerous events that can occur during the proceedings that may affect our expenses related to these matters. At this time, though, we are confident that our litigation expense for 2016 will remain within our target operating model of 4-10% of revenue. We currently believe that our litigation expenses for the second half of this year will be similar to the first half.

Q7. Are you making any adjustments to your guidance?

No. We are making no adjustments to our second quarter revenue or earnings per share guidance or to our 2016 annual revenue guidance as a result of these proceedings.

Q8. What impact will these legal proceedings have on your other current and potential customers?

We have developed strong relationships with our customers and potential customers and intend to continue working with them on technology and licensing engagements. The proceedings are focused on Broadcom and certain of Broadcom's customers and distributors that are named in the proceedings.

Q9. Are these your key patents?

These are patents that we believe are very relevant to Broadcom at this time. It is important to bear in mind that these patents represent less than 1% of our overall portfolio which comprises over 4,000 patents and patent applications. We have many other patents beyond these that relate to a broad variety of technologies and most of those patents will not be affected by the result in this case.

CASE DETAILS

Q10. Where did Tessera file these proceedings, and what patents did Tessera assert?

Tessera filed six proceedings against Broadcom and certain of its customers and distributors, alleging infringement of a total of eleven patents:

- An investigation in the U.S. International Trade Commission in Washington, D.C., alleging infringement of three patents: United States Patent Nos. 6,856,007, 6,849,946, and 6,133,136.
- Two cases in the U.S. District Court for the District of Delaware, one alleging infringement of the same patents asserted in the ITC, and the other alleging infringement of seven additional patents: United States Patent Nos. 6,284,563, 6,954,001, 5,666,046, 6,043,699, 6,218,215, 6,080,605, and 6,046,076.
- Two cases in the Mannheim Regional Court in Germany, alleging infringement of a European patent: EP 1 186 034 B1 (which is a counterpart to the U.S. Patent No. 6,133,136 that is asserted in the ITC); and
- One case in the District Court of The Hague, in the Netherlands, alleging infringement of the same European patent at issue in Germany.

Q11. Who did you file the proceedings against?

In general terms, we filed against Broadcom and certain of its affiliates, seven of its customers, and three of its distributors.

In certain jurisdictions, we had to name various affiliates of both Broadcom and its customers and distributors, so the total number of named defendants is larger.

- We named **seven Broadcom and Avago affiliates**: (1) Broadcom Limited, (2) Broadcom Corporation, (3) Avago Technologies Limited, (4) Avago Technologies U.S. Inc., (5) Broadcom Germany GmbH, (6) Broadcom Netherlands B.V., and (7) Broadcom Communications Netherlands B.V.
- We named **seven Broadcom customers**: (1) Arista Networks, Inc.; (2) ARRIS International plc and its direct and indirect subsidiaries ARRIS Group, Inc., ARRIS Technology, Inc., ARRIS Enterprises LLC, ARRIS Solutions, Inc., Pace Ltd. (formerly Pace plc), Pace Americas, LLC and Pace, USA LLC; (3) ASUSTeK Computer Inc. and ASUS Computer International; (4) Comcast Cable Communications, LLC, Comcast Cable Communications Management, LLC, and Comcast Business Communications, LLC; (5) HTC Corporation and HTC America, Inc.; (6) NETGEAR, Inc.; and (7) Technicolor S.A. and its direct and indirect subsidiaries Technicolor USA, Inc. and Technicolor Connected Home USA LLC.

- We named **three Broadcom distributors**: (1) EBV Elektronik GmbH & Co. KG; (2) Arrow Central Europe GmbH; and (3) Mouser Electronics Inc. and its affiliate Mouser Electronics Netherlands B.V.

Q12. What remedies are you seeking?

In general, we are seeking the following relief:

In the U.S. International Trade Commission, we are seeking an exclusion order that would prohibit the importation into the United States of infringing Broadcom chips and products made by named customers that incorporate infringing Broadcom chips. We are also seeking a cease and desist order that would prohibit, among other things, the U.S. sale of previously-imported infringing devices.

In our German proceedings, we are seeking an order prohibiting Broadcom and its named distributors from offering, putting on the market, or using, or importing or possessing for such purposes, any infringing Broadcom products in Germany, as well as a recall order and damages.

In our Dutch proceedings, we are seeking orders requiring Broadcom and its named distributors to cease and desist the delivery, sale, or offer for sale of infringing products in the Netherlands, as well as a recall order and damages.

In the Delaware U.S. district court proceedings, we are principally seeking damages.

Q13. What are the next steps in these legal proceedings?

On June 20, 2016, the ITC voted to institute an investigation based on Tessera's complaint. We expect that a schedule will be set by the Administrative Law Judge assigned to the investigation.

In the Delaware and European court proceedings, Broadcom and the other defendants will respond to the complaints, and we expect that the cases will proceed according to the schedules set by the different courts according to their respective case calendars and rules.

Q14. Why did you file an amended complaint on June 19, 2016?

We filed an amended complaint in one of our Delaware cases on June 19, 2016 to allege that Broadcom is infringing three additional patents that were not part of the original complaint: U.S. Patent Nos. 6,218,215, 6,080,605, and 6,046,076.

Q15. How long do you expect before these legal proceedings are resolved?

The schedule and timing for each of these matters could vary based on a number of factors, including the responses to our complaints filed by Broadcom and its named customers and distributors, the schedules set by the ITC and courts, or a potential early settlement. Our current expectation is that the matters in the ITC, Germany and the Netherlands will move relatively quickly. In general terms, the normal timeframe for an initial decision in the ITC and German infringement matters would be in the first half of 2017. The normal timeframe for an initial decision in the Dutch case would be in Q2 or Q3 2017. We would anticipate that the initial decisions in the Delaware matters would be in 2018 or later.

We anticipate providing updates when the courts and ITC establish a schedule in each proceeding.