



# Broadcom Q2 2009 Earnings Results Summary

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# Caution Regarding Forward-Looking Statements:



All statements included or incorporated by reference in these slides, other than statements or characterizations of historical fact, are forward-looking statements. These forward-looking statements include, among others, guidance provided on future revenue, gross margin and operating expense targets for the third quarter of 2009. It should be clearly understood that these forward-looking statements, and our assumptions about the factors that influence them, are based on the limited information available to us at this date. Such information is subject to change, and we may not inform you when changes occur. We undertake no obligation to revise or update publicly any forward-looking statement, except as required by law.

Forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those described in the statements you hear today as a result of various factors. We refer you to our Form 10-K, subsequent 10-Qs and other filings with the SEC, which discuss some of the important risk factors that could contribute to such differences or otherwise affect our business, results of operations and financial condition.

For additional financial and statistical information, including the information disclosed in accordance with SEC Regulation G, please see the Investors section of our website.

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# Q2 2009 Results Versus Guidance\*



(in millions)	Q1 2009A (Old)	Q1 2009A (New)	Q2 2009 Guidance (Old)	Q2 2009A (Old)	Q2 2009A (New)	Commentary
Product revenue	\$834	\$828	\$900 to \$975	\$973	\$966	
Licensing revenue	\$19	\$25		\$67	\$74	Q2 2009 (New) includes \$67 of licensing revenue from QCOM
<b>Total Revenue</b>	<b>\$853</b>	<b>\$853</b>		<b>\$1,040</b>	<b>\$1,040</b>	
<b>Cost of Product Revenue</b>	<b>\$446</b>	<b>\$446</b>		<b>\$519</b>	<b>\$519</b>	
Stock-based compensation	\$6	\$6		\$6	\$6	
Amortization of purchased intangibles	\$4	\$4		\$4	\$4	
Product Gross Margin**	46.5%	46.1%	Increase of 25 to 50 basis points	46.7%	46.3%	Higher than anticipated excess and obsolete charges
<b>Total Gross Margin</b>	<b>47.7%</b>	<b>47.7%</b>		<b>50.1%</b>	<b>50.1%</b>	
Salaries and benefits	\$190				\$189	
Stock-based compensation	\$89				\$87	
Development and design cost	\$46				\$48	
Other***	\$48				\$51	
<b>Research and development</b>	<b>\$373</b>				<b>\$375</b>	Continued focus on controlled spending
Salaries and benefits	\$46				\$45	
Stock-based compensation	\$29				\$30	
Legal, accounting, and other external fees	\$34				\$40	
Other***	\$16				\$12	
<b>Selling, general and administrative</b>	<b>\$125</b>				<b>\$127</b>	Continued focus on controlled spending
<b>Additional Metric</b>	<b>Q1 2009</b>		<b>Q2 2009 Guidance</b>		<b>Q2 2009</b>	<b>Commentary</b>
<b>Inventory Turns - GAAP</b>	<b>6.7x</b>		<b>Improvement</b>		<b>7.4x</b>	

\* Periods have been reclassified to conform with the current period presentation (New) of disclosing product and licensing revenue. Product revenue includes sales of semiconductor devices and to a lesser extent software licenses and royalties, development, support and maintenance agreements, data services and cancellation fees.

\*\* Excludes licensing revenue of intellectual property.

\*\*\* "Other" includes but is not limited to the following: depreciation and amortization, facilities expense and travel.

# Stock-Based Compensation Expense



(in millions)	Q2 2008A	Q1 2009A	Q2 2009A
<i>Cost of product revenue</i>	\$6	\$6	\$6
<i>Research and development</i>	\$90	\$89	\$87
<i>Selling, general and administrative</i>	\$32	\$29	\$30
<b>Total</b>	<b>\$128</b>	<b>\$124</b>	<b>\$123</b>
<b>% of Net Revenue</b>			
<i>Cost of product revenue</i>	0.5%	0.7%	0.6%
<i>Research and development</i>	7.5%	10.5%	8.3%
<i>Selling, general and administrative</i>	2.6%	3.4%	2.9%
<b>Total</b>	<b>10.6%</b>	<b>14.6%</b>	<b>11.8%</b>

# Revenue, Gross Profit and Share Reconciliation



Revenue (in millions)	Q1 2009A (Old)		Q1 2009A (New)		Q2 2009A (Old)		Q2 2009A (New)	
Product revenue	\$834		\$828		\$973		\$966	
Licensing revenue	\$19		\$25		\$67		\$74	
<b>Total Revenue</b>	<b>\$853</b>		<b>\$853</b>		<b>\$1,040</b>		<b>\$1,040</b>	
Gross Profit (in millions)	% of Revenue		% of Revenue		% of Revenue		% of Revenue	
Product gross profit (excluding licensing revenue, stock-based compensation and amortization)	\$398	47.7%	\$392	47.3%	\$464	47.7%	\$458	47.4%
- Stock-based compensation and amortization	(\$10)		(\$10)		(\$10)		(\$10)	
Product gross profit	\$388	46.5%	\$382	46.1%	\$454	46.7%	\$448	46.3%
+ Licensing revenue	\$19		\$25		\$67		\$74	
<b>Total Gross Profit</b>	<b>\$407</b>	<b>47.7%</b>	<b>\$407</b>	<b>47.7%</b>	<b>\$521</b>	<b>50.1%</b>	<b>\$521</b>	<b>50.1%</b>

Shares (in millions)	Q1 2009A		Q2 2009A	
Non-GAAP weighted average shares outstanding (diluted)*	522		539	
GAAP adjustment	(32)		(31)	
<b>GAAP Weighted Average Shares Outstanding (Diluted)</b>	<b>490</b>		<b>508</b>	

\* Please note — the calculation of non-GAAP weighted average shares outstanding (diluted) excludes the benefits of compensation costs attributable to future services and not yet recognized in the financial statements that are treated as proceeds assumed to be used to repurchase shares under the GAAP treasury stock method.

# Q3 2009 Guidance



(in millions)	Q2 2009A	Q3 2009 Guidance	Commentary
Total Revenue		Up 7% to 14% from Q2	
Product revenue	\$966	~\$1,060 to ~\$1,130	
Licensing revenue	\$74	~\$55	
Total Revenue	\$1,040	~\$1,115 to ~\$1,185	
Product gross margin*	46.3%	Increase by around 125 basis points or more from Q2	
Research and development and selling, general and administrative expenses*	\$502	Increase of \$20 to \$26 from Q2	More than half of increase driven by tape-outs / prototyping costs
<b>Target Markets</b>			
Broadband	\$364	Increase	
Enterprise Networking	\$210	Increase	
Mobile & Wireless	\$466	Increase	

\* Includes stock-based compensation included in cost of revenue, research and development, and selling, general and administrative expenses. Please see slide 3 for breakout.

**Broadcom Corporation**  
**Unaudited GAAP Consolidated Statements of Operations**  
(In thousands, except per share amounts)

	<u>Q1'07</u>	<u>Q2'07</u>	<u>Q3'07</u>	<u>Q4'07</u>	<u>Q1'08</u>	<u>Q2'08</u>	<u>Q3'08</u>	<u>Q4'08</u>	<u>Q1'09</u>	<u>Q2'09</u>
Net revenue:										
Product revenue	\$ 900,548	\$ 896,736	\$ 949,023	\$ 993,005	\$ 993,003	\$ 1,161,965	\$ 1,254,083	\$ 1,076,188	\$ 828,230	\$ 966,317
Licensing revenue	933	1,184	936	34,030	39,207	38,966	44,392	50,321	25,206	73,627
Total net revenue	901,481	897,920	949,959	1,027,035	1,032,210	1,200,931	1,298,475	1,126,509	853,436	1,039,944
Operating costs and expenses:										
Cost of product revenue (1)	440,949	437,037	465,970	488,222	481,163	554,596	619,459	557,797	446,277	518,674
Research and development (2)	300,810	332,130	352,283	363,285	355,688	380,035	379,279	382,666	372,724	374,770
Selling, general and administrative (3)	128,647	119,859	124,907	119,324	111,946	142,017	141,941	147,213	125,048	127,410
Amortization of purchased intangible assets (4)	329	200	314	184	183	184	183	2,842	4,159	4,139
In-process research and development (4)	300	10,200	4,970	-	10,900	-	-	31,500	-	-
Impairment of goodwill and long-lived assets (4)	1,500	-	-	-	-	1,900	250	169,443	-	11,261
Restructuring costs (reversals) (4)	-	-	-	-	-	(1,000)	-	-	7,111	447
Settlement costs (gains) (4)	-	-	-	-	15,810	-	-	-	1,150	(58,406)
Charitable contribution (4)	-	-	-	-	-	-	-	-	-	50,000
Total operating costs and expenses:	872,535	899,426	948,444	971,015	975,690	1,077,732	1,141,112	1,291,461	956,469	1,028,295
Income (loss) from operations	28,946	(1,506)	1,515	56,020	56,520	123,199	157,363	(164,952)	(103,033)	11,649
Interest income, net	37,008	32,904	31,443	29,714	20,104	12,428	12,451	7,218	4,398	3,986
Other income (expense), net (5)	(1,409)	642	(1,670)	5,849	924	(191)	(3,720)	971	1,646	1,019
Income (loss) before income taxes	64,545	32,040	31,288	91,583	77,548	135,436	166,094	(156,763)	(96,989)	16,654
Provision (benefit) for income taxes (6)	3,554	(2,216)	3,528	1,248	3,234	647	1,188	2,452	(5,049)	3,253
Net income (loss)	\$ 60,991	\$ 34,256	\$ 27,760	\$ 90,335	\$ 74,314	\$ 134,789	\$ 164,906	\$ (159,215)	\$ (91,940)	\$ 13,401
Basic net income (loss) per share	\$ 0.11	\$ 0.06	\$ 0.05	\$ 0.17	\$ 0.14	\$ 0.26	\$ 0.32	\$ (0.32)	\$ (0.19)	\$ 0.03
Diluted net income (loss) per share	\$ 0.10	\$ 0.06	\$ 0.05	\$ 0.16	\$ 0.14	\$ 0.25	\$ 0.31	\$ (0.32)	\$ (0.19)	\$ 0.03
Weighted average shares - basic	547,860	540,851	539,931	541,006	530,338	512,875	509,041	498,338	490,195	495,110
Weighted average shares - diluted	585,740	575,115	577,583	572,289	539,827	529,977	523,759	498,338	490,195	507,993

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

Cost of product revenue	\$ 5,814	\$ 6,861	\$ 7,214	\$ 6,581	\$ 5,465	\$ 6,237	\$ 6,652	\$ 6,643	\$ 5,877	\$ 6,128
Research and development	78,431	90,832	94,619	89,767	78,706	90,003	93,334	95,975	89,262	86,607
Selling, general and administrative	32,626	36,607	37,023	33,277	29,065	31,268	33,328	32,698	28,634	29,893

**Broadcom Corporation**  
**Unaudited GAAP Condensed Consolidated Statements of Cash Flows**  
(In thousands)

	<u>Q1'07</u>	<u>Q2'07</u>	<u>Q3'07</u>	<u>Q4'07</u>	<u>Q1'08</u>	<u>Q2'08</u>	<u>Q3'08</u>	<u>Q4'08</u>	<u>Q1'09</u>	<u>Q2'09</u>
<b>Operating activities</b>										
Net income (loss)	\$ 60,991	\$ 34,256	\$ 27,760	\$ 90,335	\$ 74,314	\$ 134,789	\$ 164,906	\$ (159,215)	\$ (91,940)	\$ 13,401
Adjustments to reconcile net income (loss) to net cash provided by operating activities:										
Depreciation and amortization	14,006	16,806	14,945	18,325	17,992	18,427	19,351	22,466	21,749	14,292
Stock-based compensation expense:										
Stock options and other awards	79,145	86,053	84,128	74,935	58,029	57,178	53,684	55,353	46,744	38,813
Restricted stock units issued by Broadcom	37,726	48,247	54,728	54,690	55,207	70,330	79,630	79,963	77,029	83,815
Acquisition-related items:										
Amortization of purchased intangible assets	3,379	2,766	4,249	4,118	4,118	4,118	4,118	6,895	8,272	8,251
In-process research and development	300	10,200	4,970	-	10,900	-	-	31,500	-	-
Impairment of intangible assets	1,500	-	-	-	-	1,900	250	169,443	-	11,261
Impairment of strategic investments and marketable securities	2,637	11	2,121	(2,960)	-	1,760	4,287	-	-	-
Non-cash restructuring charges	-	-	-	-	-	-	-	-	2,663	-
Gain on sale of marketable securities	-	-	-	-	-	-	-	-	(1,046)	-
Change in operating assets and liabilities:										
Accounts receivable	22,459	(19,280)	(11,509)	26,730	6,581	(117,396)	(21,183)	128,704	17,446	(89,181)
Inventory	2,383	9,087	(20,399)	(18,153)	9,911	(34,944)	(66,259)	(20,881)	101,260	(14,452)
Prepaid expenses and other assets	(16,290)	(356)	(24,964)	(18,081)	(6,296)	25,054	(20,387)	(9,644)	(1,467)	(6,319)
Accounts payable	21,475	(10,873)	44,547	(41,451)	46,014	77,815	23,503	(146,716)	(76,616)	156,377
Deferred revenue	620	381	9,487	11,611	(9,059)	(1,521)	1,618	1,226	379	100,387
Other accrued and long-term liabilities	15,032	(17,740)	21,020	9,214	(27,900)	9,907	42,712	(12,937)	(13,763)	11,146
Net cash provided by operating activities	<u>245,363</u>	<u>159,558</u>	<u>211,083</u>	<u>209,313</u>	<u>239,811</u>	<u>247,417</u>	<u>286,230</u>	<u>146,157</u>	<u>90,710</u>	<u>327,791</u>
<b>Investing activities</b>										
Net purchase of property and equipment	(63,964)	(43,415)	(15,939)	(27,109)	(25,662)	(23,405)	(16,084)	(17,657)	(12,457)	(13,837)
Net cash received (paid) for acquisitions and other purchased intangible assets	(47,677)	(30,275)	(141,372)	-	(19,795)	(9,943)	(57)	(140,746)	2,139	-
Sales (purchases) of strategic investments	(3,500)	306	-	3,506	(355)	-	-	-	-	-
Purchases of marketable securities	(269,639)	(189,245)	(112,780)	(95,720)	(135,937)	(202,584)	(771,993)	(5,190)	(109,706)	(401,344)
Proceeds from sales and maturities of marketable securities	<u>378,154</u>	<u>285,978</u>	<u>156,960</u>	<u>270,136</u>	<u>148,183</u>	<u>72,415</u>	<u>291,424</u>	<u>112,004</u>	<u>134,112</u>	<u>287,733</u>
Net cash provided by (used in) investing activities	<u>(6,626)</u>	<u>23,349</u>	<u>(113,131)</u>	<u>150,813</u>	<u>(33,566)</u>	<u>(163,517)</u>	<u>(496,710)</u>	<u>(51,589)</u>	<u>14,088</u>	<u>(127,448)</u>
<b>Financing activities</b>										
Repurchases of Class A common stock	(425,062)	(216,226)	(170,534)	(328,391)	(391,732)	(444,131)	(23,912)	(424,177)	-	(38,434)
Proceeds from issuance of common stock, net	80,825	61,625	81,912	134,267	12,314	78,300	23,968	57,271	4,805	78,889
Minimum tax withholding paid on behalf of employees for restricted stock units	(23,991)	(12,588)	(16,453)	(16,644)	(12,130)	(13,623)	(19,433)	(12,875)	(16,076)	(18,452)
Net cash used in financing activities	<u>(368,228)</u>	<u>(167,189)</u>	<u>(105,075)</u>	<u>(210,768)</u>	<u>(391,548)</u>	<u>(379,454)</u>	<u>(19,377)</u>	<u>(379,781)</u>	<u>(11,271)</u>	<u>22,003</u>
Increase (decrease) in cash and cash equivalents	(129,491)	15,718	(7,123)	149,358	(185,303)	(295,554)	(229,857)	(285,213)	93,527	222,346
Cash and cash equivalents at beginning of period	<u>2,158,110</u>	<u>2,028,619</u>	<u>2,044,337</u>	<u>2,037,214</u>	<u>2,186,572</u>	<u>2,001,269</u>	<u>1,705,715</u>	<u>1,475,858</u>	<u>1,190,645</u>	<u>1,284,172</u>
Cash and cash equivalents at end of period	<u>\$ 2,028,619</u>	<u>\$ 2,044,337</u>	<u>\$ 2,037,214</u>	<u>\$ 2,186,572</u>	<u>\$ 2,001,269</u>	<u>\$ 1,705,715</u>	<u>\$ 1,475,858</u>	<u>\$ 1,190,645</u>	<u>\$ 1,284,172</u>	<u>\$ 1,506,518</u>
<b>Unaudited Supplemental Financial Information</b>										
Cash and cash equivalents	\$ 2,028,619	\$ 2,044,337	\$ 2,037,214	\$ 2,186,572	\$ 2,001,269	\$ 1,705,715	\$ 1,475,858	\$ 1,190,645	\$ 1,284,172	\$ 1,506,518
Short-term marketable securities	460,677	370,336	308,932	141,728	90,033	228,418	770,872	707,477	677,638	700,585
Long-term marketable securities	73,589	66,116	84,107	75,352	114,456	105,513	40,905	-	-	92,699
Total cash, cash equivalents and marketable securities	<u>\$ 2,562,885</u>	<u>\$ 2,480,789</u>	<u>\$ 2,430,253</u>	<u>\$ 2,403,652</u>	<u>\$ 2,205,758</u>	<u>\$ 2,039,646</u>	<u>\$ 2,287,635</u>	<u>\$ 1,898,122</u>	<u>\$ 1,961,810</u>	<u>\$ 2,299,802</u>
Increase (decrease) from prior quarter end	<u>\$ (238,713)</u>	<u>\$ (82,096)</u>	<u>\$ (50,536)</u>	<u>\$ (26,601)</u>	<u>\$ (197,894)</u>	<u>\$ (166,112)</u>	<u>\$ 247,989</u>	<u>\$ (389,513)</u>	<u>\$ 63,688</u>	<u>\$ 337,992</u>
GAAP net cash provided by operating activities	\$ 245,363	\$ 159,558	\$ 211,083	\$ 209,313	\$ 239,811	\$ 247,417	\$ 286,230	\$ 146,157	\$ 90,710	\$ 327,791
Purchase of property and equipment, net	(63,964)	(43,415)	(15,939)	(27,109)	(25,662)	(23,405)	(16,084)	(17,657)	(12,457)	(13,837)
Free cash flow	<u>\$ 181,399</u>	<u>\$ 116,143</u>	<u>\$ 195,144</u>	<u>\$ 182,204</u>	<u>\$ 214,149</u>	<u>\$ 224,012</u>	<u>\$ 270,146</u>	<u>\$ 128,500</u>	<u>\$ 78,253</u>	<u>\$ 313,954</u>

**Broadcom Corporation**  
**Unaudited GAAP Condensed Consolidated Balance Sheets and Other Metrics**  
(In thousands, except metric amounts)

	<u>Q1'07</u>	<u>Q2'07</u>	<u>Q3'07</u>	<u>Q4'07</u>	<u>Q1'08</u>	<u>Q2'08</u>	<u>Q3'08</u>	<u>Q4'08</u>	<u>Q1'09</u>	<u>Q2'09</u>
<b>ASSETS</b>										
Current assets:										
Cash and cash equivalents	\$ 2,028,619	\$ 2,044,337	\$ 2,037,214	\$ 2,186,572	\$ 2,001,269	\$ 1,705,715	\$ 1,475,858	\$ 1,190,645	\$ 1,284,172	\$ 1,506,518
Short-term marketable securities	460,677	370,336	308,932	141,728	90,033	228,418	770,872	707,477	677,638	700,585
Accounts receivable, net	363,001	382,285	395,732	369,004	362,436	479,832	501,015	372,311	354,865	444,046
Inventory	200,411	191,324	213,160	231,313	221,402	256,346	322,605	366,106	264,846	279,298
Prepaid expenses and other current assets	101,605	103,969	127,940	125,663	125,413	89,815	105,481	114,674	113,414	108,078
Total current assets	3,154,313	3,092,251	3,082,978	3,054,280	2,800,553	2,760,126	3,175,831	2,751,213	2,694,935	3,038,525
Property and equipment, net	221,833	228,271	226,079	241,803	250,526	252,890	252,999	234,691	228,495	224,238
Long-term marketable securities	73,589	66,116	84,107	75,352	114,456	105,513	40,905	-	-	92,699
Goodwill	1,215,070	1,236,488	1,365,764	1,376,721	1,376,936	1,386,642	1,386,394	1,279,243	1,277,104	1,277,104
Purchased intangible assets, net	42,150	39,384	50,725	46,607	42,489	38,371	34,253	61,958	53,686	34,174
Other assets	26,672	25,860	31,387	43,430	49,571	56,812	58,293	66,160	69,066	81,581
Total assets	<u>\$ 4,733,627</u>	<u>\$ 4,688,370</u>	<u>\$ 4,841,040</u>	<u>\$ 4,838,193</u>	<u>\$ 4,634,531</u>	<u>\$ 4,600,354</u>	<u>\$ 4,948,675</u>	<u>\$ 4,393,265</u>	<u>\$ 4,323,286</u>	<u>\$ 4,748,321</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>										
Current liabilities:										
Accounts payable	\$ 334,868	\$ 303,067	\$ 349,759	\$ 313,621	\$ 360,571	\$ 435,082	\$ 459,593	\$ 310,487	\$ 232,047	\$ 389,630
Wages and related benefits	131,640	123,653	161,592	150,732	140,508	127,668	169,687	157,758	158,907	129,547
Deferred revenue	2,493	2,874	6,371	15,864	7,907	7,514	10,246	12,338	13,779	115,387
Accrued liabilities	288,208	256,415	239,434	250,347	236,458	256,225	234,460	236,520	224,758	277,979
Total current liabilities	757,209	686,009	757,156	730,564	745,444	826,489	873,986	717,103	629,491	912,543
Commitments and contingencies										
Long-term deferred revenue	-	-	5,990	8,108	7,006	5,878	4,764	3,898	2,836	1,615
Other long-term liabilities	35,324	31,669	33,094	63,373	63,568	64,217	65,879	65,197	62,153	60,851
Shareholders' equity	3,941,094	3,970,692	4,044,800	4,036,148	3,818,513	3,703,770	4,004,046	3,607,067	3,628,806	3,773,312
Total liabilities and shareholders' equity	<u>\$ 4,733,627</u>	<u>\$ 4,688,370</u>	<u>\$ 4,841,040</u>	<u>\$ 4,838,193</u>	<u>\$ 4,634,531</u>	<u>\$ 4,600,354</u>	<u>\$ 4,948,675</u>	<u>\$ 4,393,265</u>	<u>\$ 4,323,286</u>	<u>\$ 4,748,321</u>
GAAP inventory turns	8.8	9.1	8.7	8.4	8.7	8.7	7.7	6.1	6.7	7.4
GAAP days in inventory	41.4	39.8	41.6	43.1	41.9	42.1	47.4	59.7	54.0	49.0

**Broadcom Corporation**  
**Unaudited Supplementary Financial Data**  
(In thousands)

	<u>Q1'07</u>	<u>Q2'07</u>	<u>Q3'07</u>	<u>Q4'07</u>	<u>Q1'08</u>	<u>Q2'08</u>	<u>Q3'08</u>	<u>Q4'08</u>	<u>Q1'09</u>	<u>Q2'09</u>
<b>Cost of product revenue:</b>										
Stock-based compensation	\$ 5,814	\$ 6,861	\$ 7,214	\$ 6,581	\$ 5,465	\$ 6,237	\$ 6,652	\$ 6,643	\$ 5,877	\$ 6,128
Amortization of purchased intangible assets	3,050	2,566	3,935	3,934	3,935	3,934	3,935	4,053	4,113	4,112
<b>Research and development:</b>										
Stock-based compensation	78,431	90,832	94,619	89,767	78,706	90,003	93,334	95,975	89,262	86,607
<b>Selling, general and administrative:</b>										
Stock-based compensation	32,626	36,607	37,023	33,277	29,065	31,268	33,328	32,698	28,634	29,893
Recovery of legal fees related to Qualcomm litigation	-	-	-	-	(8,569)	-	-	-	-	-
<b>Other operating costs and expenses:</b>										
Amortization of purchased intangible assets	329	200	314	184	183	184	183	2,842	4,159	4,139
In-process research and development	300	10,200	4,970	-	10,900	-	-	31,500	-	-
Impairment of goodwill and long-lived assets	1,500	-	-	-	-	1,900	250	169,443	-	11,261
Restructuring costs (reversals)	-	-	-	-	-	(1,000)	-	-	7,111	447
Settlement costs (gains)	-	-	-	-	15,810	-	-	-	1,150	(58,406)
Charitable contribution	-	-	-	-	-	-	-	-	-	50,000
<b>Other:</b>										
Employer payroll tax expense on certain stock option exercises	1,886	934	1,484	3,182	930	1,169	1,532	335	733	1,208
Charges related to equity award review	3,434	(25)	-	-	-	-	-	-	-	-
Loss (gain) on strategic investments, net	2,637	11	2,121	(2,960)	-	1,760	2,506	-	-	-
Non-operating gains	(3)	(126)	(146)	(2,444)	-	-	(193)	(10)	(7)	(7)

**Broadcom Corporation**  
**Unaudited Supplementary Financial Data**  
(In thousands)

	<u>Q1'07</u>	<u>Q2'07</u>	<u>Q3'07</u>	<u>Q4'07</u>	<u>Q1'08</u>	<u>Q2'08</u>	<u>Q3'08</u>	<u>Q4'08</u>	<u>Q1'09</u>	<u>Q2'09</u>
<b>Net revenue:</b>										
Broadband	\$ 349,295	\$ 347,995	\$ 361,171	\$ 353,832	\$ 365,441	\$ 457,924	\$ 458,323	\$ 440,983	\$ 317,254	\$ 363,843
Mobile & Wireless	274,238	266,192	302,892	381,112	359,028	414,471	494,429	409,482	317,831	465,748
Enterprise Networking	277,948	283,733	285,896	292,091	307,741	328,536	345,723	276,044	218,351	210,353
	<u>\$ 901,481</u>	<u>\$ 897,920</u>	<u>\$ 949,959</u>	<u>\$ 1,027,035</u>	<u>\$ 1,032,210</u>	<u>\$ 1,200,931</u>	<u>\$ 1,298,475</u>	<u>\$ 1,126,509</u>	<u>\$ 853,436</u>	<u>\$ 1,039,944</u>
<b>% of revenue:</b>										
Broadband	38.7%	38.8%	38.0%	34.5%	35.4%	38.1%	35.3%	39.1%	37.2%	35.0%
Mobile & Wireless	30.4	29.6	31.9	37.1	34.8	34.5	38.1	36.3	37.2	44.8
Enterprise Networking	30.9	31.6	30.1	28.4	29.8	27.4	26.6	24.6	25.6	20.2
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Cost of product revenue:</b>										
Product cost	\$ 432,085	\$ 427,610	\$ 454,821	\$ 477,707	\$ 471,763	\$ 544,425	\$ 608,872	\$ 547,101	\$ 436,287	\$ 508,434
Stock-based compensation	5,814	6,861	7,214	6,581	5,465	6,237	6,652	6,643	5,877	6,128
Amortization of purchased intangibles	3,050	2,566	3,935	3,934	3,935	3,934	3,935	4,053	4,113	4,112
Cost of product revenue	<u>\$ 440,949</u>	<u>\$ 437,037</u>	<u>\$ 465,970</u>	<u>\$ 488,222</u>	<u>\$ 481,163</u>	<u>\$ 554,596</u>	<u>\$ 619,459</u>	<u>\$ 557,797</u>	<u>\$ 446,277</u>	<u>\$ 518,674</u>
Product gross margin	51.0%	51.3%	50.9%	50.8%	51.5%	52.3%	50.6%	48.2%	46.1%	46.3%
Total gross margin	51.1%	51.3%	50.9%	52.5%	53.4%	53.8%	52.3%	50.5%	47.7%	50.1%
<b>Research and development: (2)</b>										
Salaries and benefits	\$ 134,246	\$ 146,460	\$ 152,849	\$ 165,145	\$ 166,693	\$ 183,744	\$ 183,219	\$ 186,266	\$ 189,667	\$ 188,497
Stock-based compensation	78,431	90,832	94,619	89,767	78,706	90,003	93,334	95,975	89,262	86,607
Development and design costs	43,690	49,680	57,765	58,890	60,463	54,444	50,278	46,743	45,617	48,331
Other (1)	44,443	45,158	47,050	49,483	49,826	51,844	52,448	53,682	48,178	51,335
	<u>\$ 300,810</u>	<u>\$ 332,130</u>	<u>\$ 352,283</u>	<u>\$ 363,285</u>	<u>\$ 355,688</u>	<u>\$ 380,035</u>	<u>\$ 379,279</u>	<u>\$ 382,666</u>	<u>\$ 372,724</u>	<u>\$ 374,770</u>
<b>Selling, general and administrative: (2)</b>										
Salaries and benefits	\$ 41,989	\$ 40,113	\$ 43,463	\$ 46,450	\$ 47,497	\$ 50,306	\$ 51,195	\$ 49,413	\$ 45,994	\$ 45,161
Stock-based compensation	32,626	36,607	37,023	33,277	29,065	31,268	33,328	32,698	28,634	29,893
Legal and accounting fees	34,295	22,886	23,578	19,276	15,995	40,170	37,495	47,709	34,354	39,772
Other (1)	19,737	20,253	20,843	20,321	19,389	20,273	19,923	17,393	16,066	12,584
	<u>\$ 128,647</u>	<u>\$ 119,859</u>	<u>\$ 124,907</u>	<u>\$ 119,324</u>	<u>\$ 111,946</u>	<u>\$ 142,017</u>	<u>\$ 141,941</u>	<u>\$ 147,213</u>	<u>\$ 125,048</u>	<u>\$ 127,410</u>
<b>Shares:</b>										
GAAP weighted average shares outstanding (diluted)	585,740	575,115	577,583	572,289	539,827	529,977	523,759	498,338	490,195	507,993
Non-GAAP adjustment	18,614	21,715	22,320	20,283	16,726	25,620	28,693	32,489	32,202	30,543
Non-GAAP weighted average shares outstanding (diluted)	<u>604,354</u>	<u>596,830</u>	<u>599,903</u>	<u>592,573</u>	<u>556,553</u>	<u>555,597</u>	<u>552,452</u>	<u>530,827</u>	<u>522,397</u>	<u>538,536</u>

(1) Other includes but is not limited to the following: depreciation and amortization, facilities expense and travel.

(2) Certain amounts have been reclassified to conform to the current period's presentation