Broadcom Ltd
Form 10-Q
September 07, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q
(MARK ONE)
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended July 30, 2017
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

State or Other Jurisdiction of Incorporation or Organization	Exact Name of Registrant as Specified in Its Charter Address of Principal Executive Offices Registrant's telephone number, including area code	Commission File Number	IRS Employer Identification No.
Singapore	Broadcom Limited 1 Yishun Avenue 7 Singapore 768923 (65) 6755-7888	001-37690	98-1254807
Cayman Islands	Broadcom Cayman L.P. c/o Broadcom Limited 1 Yishun Avenue 7 Singapore 768923 (65) 6755-7888	333-2025938	98-1254815

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.
Broadcom Limited: YES þ NO ¨ Broadcom Cayman L.P. : YES þ 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Broadcom Limited: YES þ NO ¨ Broadcom Cayman L.P. : YES þ NO ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Broadcom Limited:	Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨	Emerging growth company ¨
Broadcom Cayman L.P.:	Large accelerated filer ¨	Accelerated filer ¨	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company ¨	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Broadcom Limited: YES ¨ NO þ Broadcom Cayman L.P. : YES ¨ NO þ
As of August 25, 2017, Broadcom Limited had 407,979,354 of its ordinary shares, no par value per share, outstanding.

As of August 25, 2017, Broadcom Cayman L.P. had 390,851,713 common partnership units outstanding (all of which are owned by Broadcom Limited) and 22,190,733 restricted exchangeable partnership units outstanding.

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the fiscal quarter and three fiscal quarters ended July 30, 2017 of Broadcom Limited and Broadcom Cayman L.P. Unless stated otherwise or the context otherwise requires, references to “Broadcom,” “we,” “our” and “us” mean Broadcom Limited and its consolidated subsidiaries, including Broadcom Cayman L.P. References to the “Partnership” mean Broadcom Cayman L.P. and its consolidated subsidiaries. Financial information and results of operations presented for periods prior to February 1, 2016 relate only to Avago Technologies Limited, our predecessor, and relate to Broadcom and the Partnership for the periods after February 1, 2016. Broadcom Corporation was indirectly acquired by Broadcom on February 1, 2016.

As of July 30, 2017, Broadcom Limited owned approximately 95% of the Partnership (represented by common partnership units, or Common Units) and is the sole general partner of the Partnership, or the General Partner. The balance of the partnership units represents restricted exchangeable limited partnership units, or Partnership REUs, the holders of which are referred to as the Limited Partners. As the General Partner, Broadcom has the exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership in accordance with the amended and restated exempted limited partnership agreement, as amended from time to time, and applicable laws. There is no board of directors of the Partnership.

Shareholders’ equity, partners’ capital and the Limited Partners’ noncontrolling interest in Broadcom are the primary areas of difference between the unaudited condensed consolidated financial statements of Broadcom and those of the Partnership. The Partnership’s capital consists of Common Units owned by Broadcom and Partnership REUs owned by the Limited Partners. The Partnership REUs are accounted for in partners’ capital in the Partnership’s financial statements and as noncontrolling interest in shareholders’ equity in Broadcom’s financial statements.

The material differences between Broadcom and the Partnership are discussed in various sections in this report, including separate financial statements (but combined footnotes), separate disclosure controls and procedures sections, separate certifications of periodic report under Section 302 of the Sarbanes-Oxley Act of 2002 and separate certifications pursuant to 18 U.S.C Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. In the sections that combine disclosure for Broadcom and the Partnership, this report refers to actions or holdings as being actions or holdings of Broadcom.

Broadcom consolidates the Partnership for financial reporting purposes, and neither Broadcom nor the Partnership has material assets other than its interests in their subsidiaries. Therefore, while shareholders’ equity and partners’ capital differ as discussed above, the assets of Broadcom and the Partnership are materially the same on their respective financial statements.

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BROADCOM LIMITED AND BROADCOM CAYMAN L.P.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended July 30, 2017

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PART I — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements — Unaudited

BROADCOM LIMITED AND BROADCOM CAYMAN L.P.

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

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BROADCOM LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS — UNAUDITED
(in millions, except share amounts)

	July 30, 2017	October 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$5,249	$ 3,097
Short-term investments	200	—
Trade accounts receivable, net	2,417	2,181
Inventory	1,431	1,400
Other current assets	646	447
Total current assets	9,943	7,125
Long-term assets:		
Property, plant and equipment, net	2,909	2,509
Goodwill	24,706	24,732
Intangible assets, net	11,927	15,068
Other long-term assets	457	532
Total assets	$49,942	$ 49,966
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$1,158	$ 1,261
Employee compensation and benefits	546	517
Current portion of long-term debt	—	454
Other current liabilities	514	846
Total current liabilities	2,218	3,078
Long-term liabilities:		
Long-term debt	13,572	13,188
Pension and post-retirement benefit obligations	503	531
Other long-term liabilities	10,945	11,293
Total liabilities	27,238	28,090
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Ordinary shares, no par value; 407,553,164 shares and 398,281,461 shares issued and outstanding on July 30, 2017 and October 30, 2016, respectively	20,180	19,241
Non-economic voting preference shares, no par value; 22,199,810 shares and 22,804,591 shares issued and outstanding on July 30, 2017 and October 30, 2016, respectively	—	—
Accumulated deficit	(245)	(215)
Accumulated other comprehensive loss	(133)	(134)
Total Broadcom Limited shareholders' equity	19,802	18,892
Noncontrolling interest	2,902	2,984
Total shareholders' equity	22,704	21,876
Total liabilities and shareholders' equity	$49,942	$ 49,966

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BROADCOM LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS — UNAUDITED
(in millions, except per share amounts)

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net revenue	$4,463	$3,792	$12,792	$9,104
Cost of products sold:				
Cost of products sold	1,658	1,520	4,795	3,656
Purchase accounting effect on inventory	1	271	2	1,099
Amortization of acquisition-related intangible assets	655	211	1,853	539
Restructuring charges	—	8	16	41
Total cost of products sold	2,314	2,010	6,666	5,335
Gross margin	2,149	1,782	6,126	3,769
Research and development	827	814	2,464	1,868
Selling, general and administrative	200	230	605	582
Amortization of acquisition-related intangible assets	441	728	1,323	1,517
Restructuring, impairment and disposal charges	33	274	106	592
Total operating expenses	1,501	2,046	4,498	4,559
Operating income (loss)	648	(264)	1,628	(790)
Interest expense	(112)	(139)	(335)	(479)
Loss on extinguishment of debt	—	(21)	(159)	(74)
Other income, net	12	4	46	1
Income (loss) from continuing operations before income taxes	548	(420)	1,180	(1,342)
Provision for (benefit from) income taxes	39	(117)	(54)	(199)
Income (loss) from continuing operations	509	(303)	1,234	(1,143)
Loss from discontinued operations, net of income taxes	(2)	(12)	(11)	(50)
Net income (loss)	507	(315)	1,223	(1,193)
Net income (loss) attributable to noncontrolling interest	26	(17)	63	(86)
Net income (loss) attributable to ordinary shares	$481	$(298)	$1,160	$(1,107)
Basic income (loss) per share attributable to ordinary shares:				
Income (loss) per share from continuing operations	$1.19	$(0.72)	$2.91	$(2.99)
Loss per share from discontinued operations	(0.01)	(0.03)	(0.03)	(0.13)
Net income (loss) per share	$1.18	$(0.75)	$2.88	$(3.12)
Diluted income (loss) per share attributable to ordinary shares:				
Income (loss) per share from continuing operations	$1.14	$(0.72)	$2.79	$(3.09)
Loss per share from discontinued operations	—	(0.03)	(0.02)	(0.13)
Net income (loss) per share	$1.14	$(0.75)	$2.77	$(3.22)
Weighted-average shares:				
Basic	407	396	403	355
Diluted	445	419	442	370
Cash dividends declared and paid per share	$1.02	$0.50	$3.06	$1.43

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BROADCOM LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) — UNAUDITED
(in millions)

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net income (loss)	$507	$(315)	$1,223	$(1,193)
Other comprehensive income, net of tax:				
Change in unrealized loss and prior service costs associated with defined benefit pension plans and post-retirement benefit plans	—	1	1	1
Other comprehensive income	—	1	1	1
Comprehensive income (loss)	507	(314)	1,224	(1,192)
Comprehensive income (loss) attributable to noncontrolling interest	26	(17)	63	(86)
Comprehensive income (loss) attributable to ordinary shares	$481	$(297)	$1,161	$(1,106)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BROADCOM LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED
(in millions)

	Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016
Cash flows from operating activities:		
Net income (loss)	$1,223	$(1,193)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,518	2,342
Share-based compensation	669	474
Excess tax benefits from share-based compensation	—	(68)
Deferred taxes and other non-cash tax expense	(99)	(353)
Non-cash portion of debt extinguishment loss	159	51
Non-cash restructuring, impairment and disposal charges	54	268
Gain on disposition of assets	(23)	—
Amortization of debt issuance costs and accretion of debt discount	19	27
Other	21	(10)
Changes in assets and liabilities, net of acquisitions and disposals:		
Trade accounts receivable, net	(236)	(491)
Inventory	(23)	1,088
Accounts payable	(34)	(61)
Employee compensation and benefits	29	70
Other current assets and current liabilities	(570)	(38)
Other long-term assets and long-term liabilities	(115)	(47)
Net cash provided by operating activities	4,592	2,059
Cash flows from investing activities:		
Purchases of property, plant and equipment	(836)	(530)
Proceeds from disposals of properly, plant and equipment	1	5
Purchases of investments	(200)	(58)
Acquisitions of businesses, net of cash acquired	(40)	(10,055)
Proceeds from sales of businesses	10	698
Proceeds from sales and maturities of investments	—	89
Other	(5)	(15)
Net cash used in investing activities	(1,070)	(9,866)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	13,550	15,926
Debt repayments	(13,668)	(6,145)
Payment of assumed debt	—	(1,475)
Payment of debt issuance costs	(127)	(108)
Dividend and distribution payments	(1,306)	(537)
Issuance of ordinary shares	191	217
Excess tax benefits from share-based compensation	—	68
Payment of capital lease obligations	(10)	—
Net cash provided by (used in) financing activities	(1,370)	7,946
Net change in cash and cash equivalents	2,152	139
Cash and cash equivalents at the beginning of period	3,097	1,822
Cash and cash equivalents at end of period	$5,249	$1,961

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BROADCOM CAYMAN L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS — UNAUDITED
(in millions, except unit data)

	July 30, 2017	October 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$4,929	$ 3,044
Short-term investments	200	—
Trade accounts receivable, net	2,417	2,181
Inventory	1,431	1,400
Other current assets	966	500
Total current assets	9,943	7,125
Long-term assets:		
Property, plant and equipment, net	2,909	2,509
Goodwill	24,706	24,732
Intangible assets, net	11,927	15,068
Other long-term assets	457	532
Total assets	$49,942	$ 49,966
LIABILITIES AND PARTNERS’ CAPITAL		
Current liabilities:		
Accounts payable	$1,158	$ 1,261
Employee compensation and benefits	546	517
Current portion of long-term debt	—	454
Other current liabilities	514	846
Total current liabilities	2,218	3,078
Long-term liabilities:		
Long-term debt	13,572	13,188
Pension and post-retirement benefit obligations	503	531
Other long-term liabilities	10,945	11,293
Total liabilities	27,238	28,090
Commitments and contingencies (Note 12)		
Partners’ capital:		
Common partnership units; 390,842,636 units and 390,237,855 units issued and outstanding on July 30, 2017 and October 30, 2016, respectively	19,935	19,026
Restricted exchangeable units; 22,199,810 units and 22,804,591 units issued and outstanding on July 30, 2017 and October 30, 2016, respectively	2,902	2,984
Accumulated other comprehensive loss	(133)	(134)
Total partners’ capital	22,704	21,876
Total liabilities and partners’ capital	$49,942	$ 49,966

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BROADCOM CAYMAN L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS — UNAUDITED
(in millions, except per unit/share amounts)

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net revenue	$4,463	$3,792	$12,792	$9,104
Cost of products sold:				
Cost of products sold	1,658	1,520	4,795	3,656
Purchase accounting effect on inventory	1	271	2	1,099
Amortization of acquisition-related intangible assets	655	211	1,853	539
Restructuring charges	—	8	16	41
Total cost of products sold	2,314	2,010	6,666	5,335
Gross margin	2,149	1,782	6,126	3,769
Research and development	827	814	2,464	1,868
Selling, general and administrative	200	230	605	582
Amortization of acquisition-related intangible assets	441	728	1,323	1,517
Restructuring, impairment and disposal charges	33	274	106	592
Total operating expenses	1,501	2,046	4,498	4,559
Operating income (loss)	648	(264)	1,628	(790)
Interest expense	(112)	(139)	(335)	(479)
Loss on extinguishment of debt	—	(21)	(159)	(74)
Other income, net	12	4	46	1
Income (loss) from continuing operations before income taxes	548	(420)	1,180	(1,342)
Provision for (benefit from) income taxes	39	(117)	(54)	(199)
Income (loss) from continuing operations	509	(303)	1,234	(1,143)
Loss from discontinued operations, net of income taxes	(2)	(12)	(11)	(50)
Net income (loss)	$507	$(315)	$1,223	$(1,193)
General Partner's interest in net income (loss)	$481	$(298)	$1,160	$(1,484)
Limited Partners' interest in net income (loss)	$26	$(17)	$63	$(86)
Net income attributable to ordinary shareholders	$—	$—	$—	$377
Cash distributions paid per restricted exchangeable partnership unit	$1.02	$0.50	$3.06	$0.99
Cash distributions paid to General Partner	$415	$199	$1,237	$392
Cash dividends paid per ordinary share	$—	$—	$—	$0.44

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BROADCOM CAYMAN L.P.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) — UNAUDITED
(in millions)

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net income (loss)	$507	$(315)	$1,223	$(1,193)
Other comprehensive income, net of tax:				
Change in unrealized loss and prior service costs associated with defined benefit pension plans and post-retirement benefit plans	—	1	1	1
Other comprehensive income	—	1	1	1
Comprehensive income (loss)	$507	$(314)	$1,224	$(1,192)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BROADCOM CAYMAN L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED
(in millions)

	Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016
Cash flows from operating activities:		
Net income (loss)	$1,223	$(1,193)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,518	2,342
Share-based compensation	669	474
Excess tax benefits from share-based compensation	—	(68)
Deferred taxes and other non-cash tax expense	(99)	(353)
Non-cash portion of debt extinguishment loss	159	51
Non-cash restructuring, impairment and disposal charges	54	268
Gain on disposition of assets	(23)	—
Amortization of debt discount issuance costs and accretion of debt discount	19	27
Other	21	(10)
Changes in assets and liabilities, net of acquisitions and disposals:		
Trade accounts receivable, net	(236)	(491)
Inventory	(23)	1,088
Accounts payable	(34)	(61)
Employee compensation and benefits	29	70
Other current assets and current liabilities	(570)	(38)
Other long-term assets and long-term liabilities	(115)	(47)
Net cash provided by operating activities	4,592	2,059
Cash flows from investing activities:		
Purchases of property, plant and equipment	(836)	(530)
Proceeds from disposals of property, plant and equipment	1	5
Purchases of investments	(200)	(58)
Acquisitions of businesses, net of cash acquired	(40)	(10,055)
Proceeds from sales of businesses	10	698
Proceeds from sales and maturities of investments	—	89
Other	(5)	(15)
Net cash used in investing activities	(1,070)	(9,866)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	13,550	15,926
Debt repayments	(13,668)	(6,145)
Payment of assumed debt	—	(1,475)
Payment of debt issuance costs	(127)	(108)
Dividend payments to ordinary shareholders	—	(122)
Distributions paid to unit holders	(1,306)	(415)
Issuance of ordinary shares by General Partner	—	72
Capital transactions with General Partner	(76)	99
Excess tax benefits from share-based compensation	—	68
Payment of capital lease obligations	(10)	—
Net cash provided by (used in) financing activities	(1,637)	7,900
Net change in cash and cash equivalents	1,885	93

Cash and cash equivalents at the beginning of period	3,044	1,822
Cash and cash equivalents at end of period	$4,929	$1,915

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BROADCOM LIMITED AND BROADCOM CAYMAN L.P.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
1. Overview, Basis of Presentation and Significant Accounting Policies
Overview
Broadcom Limited, or Broadcom, is a leading designer, developer and global supplier of a broad range of semiconductor devices with a focus on complex digital and mixed signal complementary metal oxide semiconductor based devices and analog III-V based products. We have a history of innovation and offer thousands of products that are used in end products such as enterprise and data center networking, home connectivity, set-top boxes, broadband access, telecommunication equipment, smartphones and base stations, data center servers and storage systems, factory automation, power generation and alternative energy systems, and electronic displays. We have four reportable segments: wired infrastructure, wireless communications, enterprise storage and industrial & other, which align with our principal target markets.
Broadcom, a company organized under the laws of the Republic of Singapore, is the successor to Avago Technologies Limited, or Avago. Broadcom Cayman L.P., or the Partnership, is an exempted limited partnership formed under the laws of the Cayman Islands. Broadcom is the Partnership's sole General Partner and owns a majority interest (by vote and value) in the Partnership represented by common partnership units, or Common Units. The balance of the partnership units represents restricted exchangeable limited partnership units, or Partnership REUs, the holders of which are referred to as the Limited Partners. As General Partner, Broadcom has the exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership in accordance with the Partnership's amended and restated exempted limited partnership agreement, or Partnership Agreement, as amended from time to time, and applicable laws.
The condensed consolidated financial statements and accompanying notes are being presented in a combined report being filed by two separate registrants: Broadcom and the Partnership. The differences in the condensed consolidated financial statements relate to the noncontrolling interest which represents the outstanding Partnership REUs and transactions between Broadcom and the Partnership, which we account for as capital transactions. Refer to Note 7. "Shareholders' Equity" and Note 8. "Partners' Capital" for additional information.
Unless stated otherwise or the context otherwise requires, references to "Broadcom," "we," "our" and "us" mean Broadcom Limited and its consolidated subsidiaries, including Broadcom Cayman L.P. References to the "Partnership" mean Broadcom Cayman L.P. and its consolidated subsidiaries. Financial information and results of operations for periods prior to February 1, 2016 relate to Avago, our predecessor, and relate to Broadcom and the Partnership for the periods after February 1, 2016.
Basis of Presentation
We operate on a 52- or 53-week fiscal year ending on the Sunday closest to October 31. Our fiscal year ending October 29, 2017, or fiscal year 2017, is a 52-week fiscal year. The first quarter of our fiscal year 2017 ended on January 29, 2017, the second quarter ended on April 30, 2017 and the third quarter ended on July 30, 2017. Our fiscal year ended October 30, 2016, or fiscal year 2016, was also a 52-week fiscal year.
The accompanying condensed consolidated financial statements of Broadcom and the Partnership include the accounts of Broadcom and the Partnership, respectively, and their subsidiaries, and have been prepared by us in accordance with generally accepted accounting principles in the United States, or GAAP, for interim financial information. The financial information included herein is unaudited, and reflects all adjustments which are, in the opinion of our management, of a normal recurring nature and necessary for a fair statement of the results for the periods presented. The October 30, 2016 condensed consolidated balance sheet data were derived from Broadcom's audited consolidated financial statements included in Broadcom's Annual Report on Form 10-K for fiscal year 2016, or 2016 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, or SEC, but do not include all disclosures required by GAAP. All intercompany transactions and balances have been eliminated in consolidation.
As a result of Broadcom's controlling interest in the Partnership, we consolidate the financial results of the Partnership and present a noncontrolling interest for the portion of the Partnership we do not own in our condensed consolidated financial statements. Net income (loss) attributable to noncontrolling interest in the condensed consolidated statements of operations represents the portion of income (loss) attributable to the economic interest in the Partnership owned by

the Limited Partners.
The accompanying condensed consolidated financial statements include the results of operations of Broadcom Corporation, or BRCM, and other acquisitions commencing as of their respective acquisition dates.

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The operating results for the fiscal quarter and three fiscal quarters ended July 30, 2017 are not necessarily indicative of the results that may be expected for fiscal year 2017, or for any other future period.

Significant Accounting Policies

Use of estimates. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences could affect the results of operations reported in future periods.

Reclassifications. Certain reclassifications have been made to the prior period condensed consolidated statement of cash flows. These reclassifications had no impact on the previously reported net cash activities.

Recently Adopted Accounting Guidance

In the first quarter of fiscal year 2017, we early adopted an accounting standards update issued by the Financial Accounting Standards Board, or FASB, in March 2016 that simplified the accounting for certain aspects of stock-based payments to employees. The standard eliminated (i) the requirement to report excess tax benefits and certain tax deficiencies related to share-based payment transactions as additional paid-in capital and (ii) the requirement that excess tax benefits be realized before companies can recognize them. The standard required a modified-retrospective transition method by means of a cumulative-effect adjustment as of the beginning of the period in which the guidance is adopted. As a result of adoption, we recognized tax benefits of $56 million and $237 million as discrete items for the fiscal quarter and three fiscal quarters ended July 30, 2017, respectively, a $47 million cumulative-effect adjustment to reduce our accumulated deficit and a $3 million cumulative-effect adjustment to increase our noncontrolling interest for previously unrecognized excess tax benefits as of October 30, 2016. In connection with the adoption, we elected to present excess tax benefits within operating activities on the statement of cash flows prospectively and we continued our existing practice of estimating forfeitures.

Recent Accounting Guidance Not Yet Adopted

In October 2016, the FASB issued updated guidance related to the recognition of income tax consequences of an intra-entity transfer of an asset other than inventory. This guidance will be effective for the first quarter of our fiscal year 2019; however, early adoption is permitted. The adoption of this guidance will increase our income tax provision for periods in which we perform intra-entity transfers.

In August 2016, the FASB issued guidance related to the classification of certain transactions on the statement of cash flows. This guidance will be effective for the first quarter of our fiscal year 2019; however, early adoption is permitted. We will present our statements of cash flows in accordance with this guidance for the affected transactions occurring subsequent to adoption.

In February 2016, the FASB issued guidance related to the accounting for leases, which among other things, requires a lessee to recognize lease assets and lease liabilities on the balance sheet for operating leases. This guidance will be effective for the first quarter of our fiscal year 2020. The new guidance is required to be applied using a modified retrospective approach. We are evaluating the impact this guidance will have on our condensed consolidated financial statements.

In August 2015, the FASB deferred the effective date of the guidance that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. This guidance will be effective for the first quarter of our fiscal year 2019. Early adoption is permitted, but not before the first quarter of our fiscal year 2018. The new guidance is required to be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. In addition, in 2016, the FASB issued amendments to clarify the implementation guidance for principal versus agent considerations, identifying performance obligations and the accounting for licenses of intellectual property, and narrow-scope improvements and practical expedients. We do not expect to early adopt this guidance. We have not selected a transition method and are evaluating the impact this guidance will have on our condensed consolidated financial statements.

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2. Acquisitions

Acquisition of Broadcom Corporation

Our results of continuing operations for the fiscal quarter and three fiscal quarters ended July 31, 2016 included $2,314 million and $4,641 million of net revenue, respectively, attributable to BRCM, which we acquired on February 1, 2016, or the Acquisition Date. It is impracticable to determine the effect on net income (loss) attributable to BRCM for the periods presented as we immediately integrated BRCM into our ongoing operations. Transaction costs of $2 million and $39 million incurred related to our acquisition of BRCM, or the Broadcom Merger, are included in selling, general and administrative expense in the condensed consolidated statements of operations for the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively.

Unaudited Pro Forma Information

The following unaudited pro forma financial information presents combined results of operations for each of the periods presented, as if BRCM had been acquired as of the beginning of fiscal year 2015. The unaudited pro forma financial information for the three fiscal quarters ended July 31, 2016 combined the historical results of Avago for the fiscal quarter ended January 31, 2016 and the historical results of BRCM for the three months ended December 31, 2015, representing BRCM's previous reporting period prior to the Acquisition Date, and the historical results of Broadcom for the fiscal quarters ended May 1, 2016 and July 31, 2016. The pro forma information includes adjustments to amortization and depreciation for intangible assets and property, plant and equipment acquired, adjustments to share-based compensation expense, the purchase accounting effect on inventory acquired, interest expense for the additional indebtedness incurred to complete the acquisition, restructuring charges related to the acquisition and acquisition costs. The unaudited pro forma information presented below is for informational purposes only and is not necessarily indicative of the consolidated results of operations of the combined business had the acquisition actually occurred at the beginning of fiscal year 2015 or of the results of future operations of the combined business (in millions, except for per share amounts):

	Fiscal Quarter Ended	Three Fiscal Quarters Ended
	July 31, 2016	July 31, 2016
Pro forma net revenue	$3,789	$11,148
Pro forma net loss from continuing operations	$(152)	$(611)
Pro forma net loss	$(164)	$(661)
Pro forma net loss attributable to ordinary shares	$(155)	$(625)
Pro forma net loss per share attributable to ordinary shares - basic and diluted	$(0.39)	$(1.59)

Pending Acquisition of Brocade Communications Systems, Inc.

On November 2, 2016, we entered into an Agreement and Plan of Merger, or the Brocade Agreement, by and among Broadcom, BRCM, Brocade Communications Systems, Inc., a Delaware corporation, or Brocade, and Bobcat Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of BRCM, or Merger Sub. On December 18, 2016, BRCM assigned all of its rights and obligations under the Brocade Agreement and transferred all of the issued and outstanding capital stock of Merger Sub to LSI Corporation, or LSI. The Brocade Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into Brocade with Brocade as the surviving corporation, or the Brocade Acquisition. As a result of the Brocade Acquisition, Brocade will become an indirect subsidiary of Broadcom and the Partnership.

Under the Brocade Agreement, at the effective time of the Brocade Acquisition, each issued and outstanding share of Brocade common stock held by Brocade stockholders who do not perfect their appraisal rights with respect to the Brocade Acquisition will be converted into the right to receive $12.75 in cash, without interest. As of November 2, 2016, the Brocade Acquisition was valued at approximately $5.5 billion. We intend to finance the transaction with cash on hand from both companies and new debt financing.

We will also assume certain vested (to the extent not in-the-money) and all unvested Brocade stock options, restricted stock units, or RSUs, and performance stock units, or PSUs, held by continuing employees and service providers. All vested in-the-money Brocade stock options, after giving effect to any acceleration, and all other RSUs and PSUs will be cashed out at the effective time of the Brocade Acquisition.

Consummation of the Brocade Acquisition is subject to the satisfaction or waiver of customary closing conditions, including the receipt of clearance from The Committee on Foreign Investment in the United States, and the absence of certain pending governmental litigation with respect to the transactions contemplated by the Brocade Agreement.

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The Brocade Agreement contains certain termination rights for us and Brocade, and further provides that, upon termination of the Brocade Agreement under certain specified circumstances, Brocade will be obligated to pay us a termination fee of $195 million.

We expect the Brocade Acquisition to close during the fourth quarter of our fiscal year 2017, subject to the satisfaction of the remaining closing conditions.

Pending Divestiture of Brocade’s IP Networking Business

Under the Brocade Agreement, Brocade has agreed to cooperate with us to facilitate the sale, disposition or other transfer of its IP Networking business, including its acquired Ruckus Wireless business. The consummation of the Brocade Acquisition is not conditioned on the divestiture of Brocade’s IP Networking business.

On February 22, 2017, we announced our agreement to sell a portion of Brocade’s IP Networking business, including the Ruckus Wireless and ICX Switch businesses, to ARRIS International plc for cash consideration of $800 million, plus the additional cost of unvested assumed employee stock awards. The closing is subject to regulatory approvals in various jurisdictions and other customary closing conditions but does not require shareholder approval by either company and is not subject to any financing conditions. We have also entered into an agreement to sell the data center portion of Brocade’s IP networking business to Extreme Networks, Inc. These transactions are contingent on the closing of the Brocade Acquisition and are expected to close within one month following the closing of the Brocade Acquisition.

3. Supplemental Financial Information

Cash Equivalents and Short-Term Investments

Cash equivalents included $3,253 million and $1,022 million of time deposits as of July 30, 2017 and October 30, 2016, respectively. As of July 30, 2017, cash equivalents also included $200 million of money-market funds. As of July 30, 2017, short-term investments included $200 million of time deposits with original maturities greater than three months but less than one year. For time deposits, carrying value approximates fair value due to the short-term nature of the instruments. The fair value of money-market funds, which was consistent with their carrying value, was determined using unadjusted prices in active, accessible markets for identical assets, and as such they were classified as Level 1 assets in the fair value hierarchy.

Accounts Receivable Factoring

During the fiscal quarter ended July 30, 2017, we entered into a factoring agreement with a third-party financial institution to sell certain of our trade accounts receivable on a non-recourse basis. We account for these transactions as sales of receivables and record cash proceeds when received as cash provided by operating activities in the condensed consolidated statements of cash flows. Total trade accounts receivable sold under the factoring agreement were $78 million during the fiscal quarter ended July 30, 2017. Factoring fees for the sales of receivables were recorded in other income, net and were not material for the period presented.

Inventory

The following table presents details of inventory (in millions):

	July 30, 2017	October 30, 2016
Finished goods	$ 505	$ 431
Work-in-process	689	596
Raw materials	237	373
Total inventory	$ 1,431	$ 1,400

Property, Plant and Equipment

In connection with our campus rationalization efforts, during our second fiscal quarter ended April 30, 2017, we entered into an agreement to sell our Irvine campus for $443 million. The sale was completed subsequent to our fiscal quarter ended July 30, 2017 and we leased back a portion of the campus at market rental rates. There was no significant gain or loss recognized upon completion of the sale.

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Accrued Rebate Activity

The following table summarizes activities related to accrued rebates included in other current liabilities on our condensed consolidated balance sheets (in millions):

	Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016
Beginning balance	$317	$ 26
Liabilities assumed in acquisitions	—	359
Charged as a reduction of revenue	194	388
Reversal of unclaimed rebates	(68)	(3)
Payments	(305)	(360)
Ending balance	$138	$ 410

We recorded customer rebate charges of $74 million and $165 million in the fiscal quarters ended July 30, 2017 and July 31, 2016, respectively.

Other Long-Term Liabilities

The following table presents details of other long-term liabilities (in millions):

	July 30, 2017	October 30, 2016
Deferred tax liabilities	$9,859	$ 10,287
Unrecognized tax benefits [(a)]	1,031	893
Other	55	113
Total other long-term liabilities	$10,945	$ 11,293

(a) Includes accrued interest and penalties.

Discontinued Operations

During fiscal year 2016, we sold certain BRCM businesses for aggregate cash proceeds of $830 million. In connection with these sales, we provided transitional services to the buyers as short-term assistance in assuming the operations of the purchased businesses. We do not have any material continuing involvement with these businesses and have presented their results in discontinued operations.

The following table summarizes the selected financial information of discontinued operations (in millions):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net revenue	$4	$ 35	$9	$99
Loss from discontinued operations before gain on disposals and income taxes	$(2)	$ (54)	$(11)	$(115)
Gain on disposals of discontinued operations	—	33	—	33
Benefit from income taxes	—	9	—	32
Loss from discontinued operations, net of income taxes	$(2)	$ (12)	$(11)	$(50)

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Supplemental Cash Flow Information

The following table summarizes supplemental cash flow information (in millions):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Cash paid for interest	$206	$ 198	$309	$ 343
Cash paid for income taxes	$35	$ 63	$241	$ 143

At July 30, 2017 and October 30, 2016, we had $115 million and $159 million, respectively, of unpaid purchases of property, plant and equipment included in accounts payable and other current liabilities.

4. Goodwill and Intangible Assets

Goodwill

The following table summarizes changes in goodwill by segment (in millions):

	Wired Infrastructure	Wireless Communications	Enterprise Storage	Industrial & Other	Total
Balance as of October 30, 2016	$ 17,641	$ 5,952	$ 995	$ 144	$24,732
Broadcom Merger adjustments	(25)	(7)	—	—	(32)
Other	6	—	—	—	6
Balance as of July 30, 2017	$ 17,622	$ 5,945	$ 995	$ 144	$24,706

During the first fiscal quarter ended January 29, 2017, we made adjustments to certain tax balances related to the Broadcom Merger, resulting in a $32 million decrease in goodwill.

Intangible Assets

The following table presents details of intangible assets (in millions):

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
As of July 30, 2017:			
Purchased technology	$ 12,773	$ (3,703)	$9,070
Customer contracts and related relationships	4,240	(2,669)	1,571
Trade names	528	(107)	421
Other	123	(20)	103
Intangible assets subject to amortization	17,664	(6,499)	11,165
In-process research and development	762	—	762
Total	$ 18,426	$ (6,499)	$11,927
As of October 30, 2016:			
Purchased technology	$ 12,182	$ (1,855)	$10,327
Customer contracts and related relationships	4,231	(1,377)	2,854
Trade names	528	(77)	451
Other	107	(7)	100
Intangible assets subject to amortization	17,048	(3,316)	13,732
In-process research and development	1,336	—	1,336
Total	$ 18,384	$ (3,316)	$15,068

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Based on the amount of intangible assets subject to amortization at July 30, 2017, the expected amortization expense for each of the next five years and thereafter was as follows (in millions):

Fiscal Year:	
2017 (remainder)	$1,102
2018	2,960
2019	2,192
2020	1,820
2021	1,435
Thereafter	1,656
Total	$11,165

The weighted-average amortization periods remaining by intangible asset category as of July 30, 2017 were as follows (in years):

Purchased technology	5
Customer contracts and related relationships	3
Trade name	13
Other	11

5. Net Income (Loss) Per Share

Broadcom

Basic net income (loss) per share is computed by dividing net income (loss) attributable to ordinary shares by the weighted-average number of Broadcom ordinary shares outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) attributable to ordinary shares and, if the Partnership REUs are dilutive, net income (loss) attributable to noncontrolling interest by the weighted-average number of Broadcom ordinary shares and potentially dilutive shares outstanding during the period. Diluted shares outstanding included the dilutive effect of in-the-money share options, RSUs and employee share purchase rights under the Amended and Restated Broadcom Limited Employee Share Purchase Plan, or ESPP, (together referred to as equity awards) for the fiscal quarter and three fiscal quarters ended July 30, 2017. Diluted shares outstanding also included Broadcom ordinary shares issuable upon exchange of the Partnership REUs (refer to Note 8. “Partners’ Capital” for additional information) for all periods presented.

The dilutive effect of equity awards is calculated based on the average share price for each fiscal period, using the treasury stock method. Under the treasury stock method, the amount the employee must pay for exercising share options and to purchase shares under the ESPP and the amount of compensation cost for future service that we have not yet recognized are collectively assumed to be used to repurchase ordinary shares. For the fiscal quarter and three fiscal quarters ended July 31, 2016, the amount of tax benefits that would be recognized when equity awards become deductible for income tax purposes was also assumed to be used to repurchase ordinary shares.

The dilutive effect of the Partnership REUs is calculated using the if-converted method. The if-converted method assumes that the Partnership REUs were converted at the beginning of the reporting period.

Diluted net loss per share for the fiscal quarter and three fiscal quarters ended July 31, 2016 excluded the potentially dilutive effect of weighted-average outstanding equity awards to acquire 12 million ordinary shares in each period as their effect was antidilutive.

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The following is a reconciliation of the numerators and denominators of the basic and diluted net income (loss) per share computations for the periods presented (in millions, except per share data):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Numerator - Basic:				
Income (loss) from continuing operations	$509	$(303)	$1,234	$(1,143)
Less: Income (loss) from continuing operations attributable to noncontrolling interest	26	(16)	63	(83)
Income (loss) from continuing operations attributable to ordinary shares	483	(287)	1,171	(1,060)
Loss from discontinued operations, net of income taxes	(2)	(12)	(11)	(50)
Less: Loss from discontinued operations, net of income taxes, attributable to noncontrolling interest	—	(1)	—	(3)
Loss from discontinued operations, net of income taxes, attributable to ordinary shares	(2)	(11)	(11)	(47)
Net income (loss) attributable to ordinary shares	$481	$(298)	$1,160	$(1,107)
Numerator - Diluted:				
Income (loss) from continuing operations	$509	$(303)	$1,234	$(1,143)
Loss from discontinued operations, net of income taxes	(2)	(12)	(11)	(50)
Net income (loss)	$507	$(315)	$1,223	$(1,193)

Denominator:				
Weighted-average ordinary shares outstanding - basic	407	396	403	355
Dilutive effect of equity awards	16	—	16	—
Exchange of noncontrolling interest for ordinary shares	22	23	23	15
Weighted-average ordinary shares outstanding - diluted	445	419	442	370
Basic income (loss) per share attributable to ordinary shares:				
Income (loss) per share from continuing operations	$1.19	$(0.72)	$2.91	$(2.99)
Loss per share from discontinued operations, net of income taxes	(0.01)	(0.03)	(0.03)	(0.13)
Net income (loss) per share	$1.18	$(0.75)	$2.88	$(3.12)
Diluted income (loss) per share attributable to ordinary shares:				
Income (loss) per share from continuing operations	$1.14	$(0.72)	$2.79	$(3.09)
Loss per share from discontinued operations, net of income taxes	—	(0.03)	(0.02)	(0.13)
Net income (loss) per share	$1.14	$(0.75)	$2.77	$(3.22)

The Partnership

Income (loss) per unit for the Partnership is not required to be presented as its Common Units and Partnership REUs are not publicly traded.

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6. Borrowings

Senior Notes

On January 19, 2017, two Broadcom subsidiaries, BRCM and Broadcom Cayman Finance Limited, or the Co-Issuers, completed the issuance and sale of senior unsecured notes, or Senior Notes, in an aggregate principal amount of $13,550 million. Each series of Senior Notes is fully and unconditionally guaranteed, jointly and severally, on an unsecured, unsubordinated basis by Broadcom, the Partnership, and BC Luxembourg S.à r.l., an indirect subsidiary of Broadcom, or collectively, the Guarantors, subject to certain release conditions described in the indenture governing the Senior Notes, or the Indenture. The Co-Issuers may redeem all or a portion of the Senior Notes at any time prior to their maturity, subject to a specified make-whole premium as set forth in the Indenture. In the event of a change of control triggering event, each holder of Senior Notes will have the right to require us to purchase for cash all or a portion of their Senior Notes at a redemption price of 101% of the aggregate principal amount of such Senior Notes plus accrued and unpaid interest. The Indenture also contains covenants that restrict, among other things, the ability of Broadcom and its subsidiaries to incur additional secured debt and consummate certain sale and leaseback transactions, and the ability of the Co-Issuers and the Guarantors to merge, consolidate or sell all or substantially all of their assets. We were in compliance with all of the covenants described in the Indenture as of July 30, 2017.

The Co-Issuers used the net proceeds, plus cash on hand, to repay all of the term loans outstanding under our guaranteed, collateralized credit agreement, or the 2016 Credit Agreement, dated February 1, 2016, in the aggregate amount of $13,555 million and to pay $127 million of related fees and expenses. Each series of Senior Notes pays interest semi-annually in cash in arrears on January 15 and July 15 of each year, which began on July 15, 2017. The Senior Notes are recorded as long-term debt, net of original issue discount and capitalized debt issuance costs. The discount and debt issuance costs associated with the issuance of the Senior Notes are amortized to interest expense over their respective terms. The effective interest rates for fixed-rate debt include the stated interest on the notes, the accretion of the original issue discount and amortization of the debt issuance costs.

As a result of the repayment of the outstanding term loans under the 2016 Credit Agreement, during the three fiscal quarters ended July 30, 2017, we wrote-off $159 million of debt issuance costs, which were included in loss on extinguishment of debt in the condensed consolidated statements of operations.

In connection with the issuance of the Senior Notes, the Co-Issuers and Guarantors entered into a registration rights agreement pursuant to which they agreed to use commercially reasonable efforts to file one or more registration statements pursuant to the Securities Act of 1933, as amended, to exchange each series of Senior Notes for new notes, with terms substantially identical in all material respects to such series of Senior Notes and to cause the registration statement to be declared effective by the SEC on or before July 13, 2018. If the Co-Issuers and Guarantors do not comply with these obligations with respect to each series of the Senior Notes, they will be subject to interest penalties.

The following table summarizes details of our Senior Notes:

	July 30, 2017			
	Interest Rate	Effective Interest Rate	Issuance Price	Amount (In millions)
Fixed rate notes due January 2020	2.375%	2.615 %	99.774%	$2,750
Fixed rate notes due January 2022	3.000%	3.214 %	99.592%	3,500
Fixed rate notes due January 2024	3.625%	3.744 %	99.896%	2,500
Fixed rate notes due January 2027	3.875%	4.018 %	99.558%	4,800
Unaccreted discount and unamortized debt issuance costs				(117)
Carrying value of Senior Notes				$13,433

Revolving Credit Facility

The 2016 Credit Agreement also provides for a revolving credit facility, or the 2016 Revolving Credit Facility, that permits us to borrow from time to time in an aggregate principal amount of up to $500 million for working capital and other corporate purposes, including swingline loans of up to $150 million in the aggregate and for the issuance of letters of credit of up to $100 million in the aggregate, which, in the case of swingline loans and letters of credit, reduce the available borrowing capacity under the 2016 Revolving Credit Facility on a dollar for dollar basis.

As of July 30, 2017, there were no borrowings outstanding under the 2016 Revolving Credit Facility or any material outstanding letters of credit. Unamortized debt issuance costs related to the 2016 Revolving Credit Facility were $7 million and $9 million as of July 30, 2017 and October 30, 2016, respectively, and were included in other long-term assets on the condensed consolidated balance sheets.

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We were in compliance with all of the covenants described in the 2016 Credit Agreement as of July 30, 2017.

Assumed Senior Notes

The following table presents the details of the outstanding long-term debt assumed in connection with the acquisition of BRCM, or the Assumed Senior Notes:

	July 30, 2017		
	Interest Rate	Effective Interest Rate	Amount (in millions)
Fixed rate notes due November 2018	2.70 %	2.70 %	$ 117
Fixed rate notes due August 2022 - August 2034	2.50% - 4.50%	2.50% - 4.50%	22
Carrying value of Assumed Senior Notes			$ 139

We were in compliance with all of the covenants described in the indentures governing the Assumed Senior Notes as of July 30, 2017.

Fair Value of Debt

As of July 30, 2017, the estimated fair value of the Senior Notes and the Assumed Senior Notes was $13,982 million. The fair value of the Senior Notes and the Assumed Senior Notes was classified as Level 2 as we used quoted prices from less active markets.

Future Principal Payments of Debt

The future scheduled principal payments for the outstanding Senior Notes and Assumed Senior Notes as of July 30, 2017 were as follows (in millions):

Fiscal Year:	
2017 (remainder)	$—
2018	117
2019	—
2020	2,750
2021	—
Thereafter	10,822
Total	$13,689

7. Shareholders' Equity

Noncontrolling Interest

The Limited Partners held a noncontrolling interest of approximately 5% in the Partnership through their ownership of Partnership REUs as of July 30, 2017 and October 30, 2016.

Broadcom adjusts the net income (loss) in its condensed consolidated statements of operations to exclude the noncontrolling interest's proportionate share of the results. In addition, Broadcom presents the proportionate share of equity attributable to the noncontrolling interest as a separate component of shareholders' equity.

On January 30, 2017, Broadcom registered 23 million ordinary shares to allow for Limited Partners to exchange their Partnership REUs pursuant to the Partnership Agreement. Effective February 1, 2017, subject to certain additional requirements and potential deferrals as set forth in the Partnership Agreement, Limited Partners have the right to require the Partnership to repurchase some or all of such Limited Partner's Partnership REUs for consideration, as determined by Broadcom in its sole discretion, of either one Broadcom ordinary share or a cash amount as determined under the Partnership Agreement for each Partnership REU submitted for repurchase.

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During the fiscal quarter and three fiscal quarters ended July 30, 2017, the Partnership exchanged 0.1 million and 0.6 million Partnership REUs, respectively, pursuant to exchange notices received. In accordance with the terms of the Partnership Agreement, the exchange notices were satisfied by exchanging these Partnership REUs for the same number of newly issued Broadcom ordinary shares valued at $19 million and $79 million, respectively, for the fiscal quarter and three fiscal quarters ended July 30, 2017. The exchanges represented increases in our ownership interest in the Partnership and were accounted for as equity transactions, with no gain or loss recorded in Broadcom's condensed consolidated statements of operations. Pursuant to the terms of the Partnership Agreement, upon the exchange of Partnership REUs, each such Partnership REU was cancelled and the Partnership issued the same number of Common Units to the General Partner concurrently with the exchange.

Dividends

The following table summarizes dividend information for the periods presented (in millions, except per share data):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Cash dividends paid per ordinary share	$1.02	$ 0.50	$3.06	$ 1.43
Cash dividends paid to ordinary shareholders	$415	$ 199	$1,237	$ 514

Share-Based Compensation Expense

The following table summarizes share-based compensation expense reported in continuing operations related to share-based awards granted to employees and directors for the periods presented (in millions):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Cost of products sold	$18	$ 15	$47	$ 34
Research and development	174	144	465	294
Selling, general and administrative	59	54	156	128
Total share-based compensation expense	$251	$ 213	$668	$ 456

Equity Incentive Award Plans

A summary of time and market-based RSU activity is as follows (in millions, except per share data):

	Number of RSUs Outstanding	Weighted-Average Grant Date Fair Value Per Share
Balance as of October 30, 2016	17	$ 130.71
Granted	8	$ 197.55
Vested	(5)	$ 126.26
Forfeited	(2)	$ 140.00
Balance as of July 30, 2017	18	$ 161.04

During the three fiscal quarters ended July 30, 2017, we granted market-based RSUs that included the usual service conditions as well as market conditions related to total shareholder return, or TSR, as compared to the TSR of an index group of companies. Under the terms of the agreement, grantees may receive from 0% to 450% of the original grant. Share-based compensation expense for these market-based RSUs was measured at the grant date and recognized, based on the number of shares ultimately expected to vest, using a graded vesting method over the service period of 4 years.

Total grant-date fair value of RSUs vested during the three fiscal quarters ended July 30, 2017 was $633 million. Total unrecognized compensation cost related to unvested RSUs as of July 30, 2017 was $2,293 million, which is expected to be recognized over the remaining weighted-average service period of 3.1 years.

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A summary of time and market-based share option activity is as follows (in millions, except years and per share data):

	Number of Options Outstanding	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value
Balance as of October 30, 2016	15	$ 48.77		
Exercised	(4)	$ 45.10		$ 562
Cancelled	— *	$ 65.05		
Balance as of July 30, 2017	11	$ 49.50	3.06	$ 2,211
Fully vested as of July 30, 2017	9	$ 45.94	2.91	$ 1,777
Fully vested and expected to vest as of July 30, 2017	11	$ 49.50	3.06	$ 2,211

* Represents less than 0.5 million shares.

The total unrecognized compensation cost related to unvested share options as of July 30, 2017 was $25 million, which is expected to be recognized over the remaining weighted-average service period of 0.9 years.

8. Partners’ Capital

Effective February 1, 2017, subject to certain additional requirements and potential deferrals as set forth in the Partnership Agreement, Limited Partners have the right to require the Partnership to repurchase some or all of such Limited Partner’s Partnership REUs for consideration, as determined by Broadcom in its sole discretion, of either one Broadcom ordinary share or a cash amount as determined under the Partnership Agreement for each Partnership REU submitted for repurchase.

During the fiscal quarter and three fiscal quarters ended July 30, 2017, the Partnership exchanged 0.1 million and 0.6 million Partnership REUs, respectively, pursuant to exchange notices received. In accordance with the terms of the Partnership Agreement, the exchange notices were satisfied by exchanging these Partnership REUs for the same number of newly issued Broadcom ordinary shares valued at $19 million and $79 million, respectively, for the fiscal quarter and three fiscal quarters ended July 30, 2017. The issuances of shares were accounted for as a capital contribution by Broadcom to the Partnership. The exchanges of Partnership REUs were recorded as increases to the Common Units balance and reductions to the Partnership REUs balance within partners' capital of the Partnership’s condensed consolidated balance sheet. Pursuant to the terms of the Partnership Agreement, upon the exchange of Partnership REUs, each such Partnership REU was cancelled and the Partnership issued the same number of Common Units to the General Partner concurrently with the exchange.

Share-Based Compensation Expense

Share-based incentive awards are provided to employees and Broadcom’s directors under the terms of various Broadcom equity incentive plans. Refer to Note 7. “Shareholders’ Equity” for further details.

Capital Transactions with General Partner

The following table summarizes capital transactions with the General Partner for the periods presented (in millions):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Capital transactions made by General Partner to Partnership	$41	$ 38	$191	$ 327

Distributions

The following table summarizes distributions by the Partnership for the periods presented (in millions, except per Partnership REU):

	Fiscal Quarter Ended	Three Fiscal Quarters Ended

	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Cash distributions paid to General Partner	$415	$ 199	$1,237	$ 392
Cash distributions paid per Partnership REU	$1.02	$ 0.50	$3.06	$ 0.99
Cash distributions paid to Limited Partners	$23	$ 12	$69	$ 23

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9. Income Taxes

For the fiscal quarter and three fiscal quarters ended July 30, 2017, we had a provision for income taxes of $39 million and a benefit from income taxes of $54 million, respectively, compared to benefits from income taxes of $117 million and $199 million for the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively.

The provision for income taxes for the fiscal quarter ended July 30, 2017 was primarily due to profits from continuing operations and a discrete expense of $76 million resulting from entity reorganizations, partially offset by recognition of $56 million of excess tax benefits from share-based awards that vested or were exercised during the period and the recognition of previously unrecognized tax benefits.

The benefit from income taxes for the three fiscal quarters ended July 30, 2017 was primarily due to the recognition of $237 million of excess tax benefits from share-based awards that vested or were exercised during the period and the recognition of previously unrecognized tax benefits, partially offset by a discrete expense of $76 million resulting from entity reorganizations and profits from continuing operations.

The benefit from income taxes in the 2016 fiscal periods was primarily due to losses from continuing operations, partially offset by discrete expenses. Discrete expense of $93 million related to the undistributed earnings of foreign operations that were previously considered indefinitely reinvested was recognized in the three fiscal quarters ended July 31, 2016.

Uncertain Tax Positions

We are subject to Singapore income tax examination for fiscal years 2012 and later. Certain of our acquired companies are subject to tax examinations in major jurisdictions outside Singapore for fiscal years 2010 and later. It is possible that we may recognize up to $8 million of our existing unrecognized tax benefits within the next 12 months as a result of lapses of statutes of limitations for certain audit periods.

10. Segment Information

Reportable Segments

We have four reportable segments: wired infrastructure, wireless communications, enterprise storage and industrial & other. These segments align with our principal target markets. The segments represent components for which separate financial information is available that is utilized on a regular basis by the Chief Executive Officer of Broadcom, who has been identified as the Chief Operating Decision Maker, or the CODM, as defined by authoritative guidance on segment reporting, in determining how to allocate resources and evaluate performance. The segments are determined based on several factors, including client base, homogeneity of products, technology, delivery channels and similar economic characteristics.

Our CODM assesses the performance of each segment and allocates resources to each segment based on net revenue and operating income and does not evaluate our segments using discrete asset information. Operating income by segment includes items that are directly attributable to each segment. Operating income by segment also includes shared expenses such as global operations, including manufacturing support, logistics and quality control, which are allocated primarily based on headcount, expenses associated with our globally integrated support organizations, such as sales and corporate marketing functions, as well as finance, information technology, human resources, legal and related corporate infrastructure costs, along with certain benefit related expenses, which are allocated primarily based on a percentage of revenue, and facilities allocated based on square footage.

Unallocated Expenses

Unallocated expenses include amortization of acquisition-related intangible assets, share-based compensation expense, restructuring, impairment and disposal charges, acquisition-related costs, charges related to inventory step-up to fair value, and other costs, which are not used in evaluating the results of, or in allocating resources to, our segments. Acquisition-related costs include transaction costs and any costs directly related to the acquisition and integration of acquired businesses.

Depreciation expense directly attributable to each reportable segment is included in operating income for each segment. However, the CODM does not evaluate depreciation expense by operating segment and, therefore, it is not separately presented. There was no inter-segment revenue. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

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The following tables present our net revenue and operating income by reportable segment for the periods presented (in millions):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net revenue:				
Wired infrastructure	$2,208	$2,062	$6,403	$4,508
Wireless communications	1,283	1,008	3,608	2,378
Enterprise storage	735	527	2,154	1,730
Industrial & other	237	195	627	488
Total net revenue	$4,463	$3,792	$12,792	$9,104
Operating income (loss):				
Wired infrastructure	$1,015	$846	$2,885	$1,800
Wireless communications	492	308	1,333	754
Enterprise storage	417	223	1,174	749
Industrial & other	131	102	301	256
Unallocated expenses	(1,407)	(1,743)	(4,065)	(4,349)
Total operating income (loss)	$648	$(264)	$1,628	$(790)

Significant Customer Information

We sell our products through our direct sales force and a select network of distributors globally. One direct customer accounted for 13% and 18% of our net accounts receivable balance at July 30, 2017 and October 30, 2016, respectively. During the fiscal quarter and three fiscal quarters ended July 30, 2017, one direct customer represented 13% and 14% of our net revenue, respectively. During both the fiscal quarter and three fiscal quarters ended July 31, 2016, one direct customer represented 13% of our net revenue. The majority of the revenue from this customer was included in our wireless communications and wired infrastructure segments. This customer is a contract manufacturer for a number of original equipment manufacturers.

11. Related Party Transactions

During the fiscal quarter and three fiscal quarters ended July 30, 2017 and July 31, 2016, in the ordinary course of business, we purchased from, or sold to, entities of which one of our directors also serves or served as a director, or entities that are otherwise affiliated with one of our directors.

The following tables summarize the transactions and balances with these entities for the indicated periods (for the portion of such period that they were considered related) (in millions):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Total net revenue	$97	$ 101	$245	$ 230
Total costs and expenses, including inventory purchases	$28	$ 17	$93	$ 54

	July 30, 2017	October 30, 2016
Total receivables	$ 31	$ 15
Total payables	$ 11	$ 7

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12. Commitments and Contingencies
Commitments
The following table summarizes contractual obligations and commitments as of July 30, 2017 that materially changed from the end of fiscal year 2016 (in millions):

		Fiscal Year					
	Total	2017 (remainder)	2018	2019	2020	2021	Thereafter
Debt principal, interest and fees	$16,698	$1	$569	$450	$3,166	$383	$ 12,129
Purchase commitments	$1,144	$990	$104	$50	$—	$—	$ —

Debt Principal, Interest and Fees. Represents principal and interest on borrowings under the Senior Notes and Assumed Senior Notes, as well as commitment fees payable under the 2016 Credit Agreement.
Purchase Commitments. Represents unconditional purchase obligations that include agreements to purchase goods or services, primarily inventory, that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions, and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable without penalty. Cancellation for outstanding purchase orders for capital expenditures in connection with internal fabrication facility expansion and construction of our new campuses is generally allowed but requires payment of all costs incurred through the date of cancellation and, therefore, cancelable purchase orders for these capital expenditures are included in the table above.
Due to the inherent uncertainty with respect to the timing of future cash outflows associated with our unrecognized tax benefits at July 30, 2017, we are unable to reliably estimate the timing of cash settlement with the respective taxing authorities. Therefore, $1,031 million of unrecognized tax benefits and accrued interest classified within other long-term liabilities on our condensed consolidated balance sheet as of July 30, 2017 have been excluded from the contractual obligations table above.
There were no other substantial changes to our contractual commitments during the first three quarters of fiscal year 2017 from those disclosed in Broadcom’s 2016 Annual Report on Form 10-K.
Contingencies
From time to time, we are involved in litigation that we believe is of the type common to companies engaged in our line of business, including commercial disputes, employment issues and disputes involving claims by third parties that our activities infringe their patent, copyright, trademark or other intellectual property rights. Legal proceedings are often complex, may require the expenditure of significant funds and other resources, and the outcome of litigation is inherently uncertain, with material adverse outcomes possible. Intellectual property claims generally involve the demand by a third-party that we cease the manufacture, use or sale of the allegedly infringing products, processes or technologies and/or pay substantial damages or royalties for past, present and future use of the allegedly infringing intellectual property. Claims that our products or processes infringe or misappropriate any third-party intellectual property rights (including claims arising through our contractual indemnification of our customers) often involve highly complex, technical issues, the outcome of which is inherently uncertain. Moreover, from time to time we pursue litigation to assert our intellectual property rights. Regardless of the merit or resolution of any such litigation, complex intellectual property litigation is generally costly and diverts the efforts and attention of our management and technical personnel.
Lawsuits Relating to the Brocade Acquisition
On December 13, 2016, December 15, 2016, December 21, 2016, January 5, 2017 and January 18, 2017, six putative class action complaints were filed in the United States District Court for the Northern District of California, or the U.S. Northern District Court, captioned Steinberg v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7081-EMC, Gross v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7173-EJD, Jha v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7270-HRL, Bragan v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7271-JSD, Chuakay v. Brocade Communications Systems, Inc., et al., No. 3:17-cv-0058-PJH, and Mathew v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7271-HSG, respectively. The Steinberg, Bragan and Mathew complaints name as defendants Brocade, the members of Brocade’s board of directors, Broadcom,

BRCM, and Merger Sub. The Gross, Jha and Chuakay complaints name as defendants Brocade and the members of Brocade's board of directors. All of the complaints assert claims under Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Rule 14a-9 promulgated thereunder. The complaints allege, among other things, that the board of directors of Brocade failed to provide material information and/or omitted material information from the Preliminary Proxy Statement filed with the SEC on December 6, 2016 by Brocade. The complaints seek to enjoin the closing of the transaction between Brocade and Broadcom, as well as certain other equitable and declaratory relief and attorneys' fees and costs. On January 10, 2017, January 27, 2017 and February 15, 2017, the U.S. Northern District Court granted motions to relate the cases, all of which are now related to the Steinberg action and before the Honorable Judge Edward Chen. On January 11, 2017, Plaintiff Jha filed a motion for a preliminary injunction, which was subsequently withdrawn on January 18, 2017. On February 6, 2017, Plaintiff Gross voluntarily dismissed the Gross action without prejudice, which was ordered by the U.S. Northern District Court on February 15, 2017. On April 14, 2017, the U.S. Northern District Court granted the Motion for Consolidation, Appointment as Lead Plaintiff and Approval of Lead Plaintiff's Selection of Counsel filed by Plaintiff Giulio D. Cessario, a plaintiff in the Steinberg action, which consolidated these actions under the caption In re Brocade Communications Systems, Inc. Securities Litigation, Case No. 3:16-cv-07081-EMC. The U.S. Northern District Court has set this matter for an initial hearing on September 14, 2017. We believe these claims are all entirely without merit and intend to vigorously defend these actions.

Lawsuits Relating to Tessera, Inc.

On May 23, 2016, Tessera Technologies, Inc., Tessera, Inc., or Tessera, and Invensas Corp., or Invensas or collectively, the Complainants, filed a complaint to institute an investigation with the U.S. International Trade Commission, or the ITC. The Complainants allege infringement by Broadcom and our subsidiaries, BRCM, Avago and Avago Technologies U.S. Inc., or Avago U.S., or collectively, the Respondents, of three patents relating to semiconductor packaging and semiconductor manufacturing technology. The downstream respondents, which are customers of the Respondents, are Arista Networks, Inc., ARRIS International plc, ARRIS Group, Inc., ARRIS Technology, Inc., ARRIS Enterprises LLC, ARRIS Solutions, Inc., Pace Ltd., Pace Americas, LLC, Pace USA, LLC, ASUSteK Computer Inc., ASUS Computer International, Comcast Cable Communications, LLC, Comcast Cable Communications Management, LLC, Comcast Business Communications, LLC, HTC Corporation, HTC America, Inc., NETGEAR, Inc., Technicolor S.A., Technicolor USA, Inc., and Technicolor Connected Home USA LLC, or collectively, the Downstream Respondents. On July 20, 2016, the ITC instituted the investigation, or the ITC Investigation. Complainants seek the following relief: (1) a permanent limited exclusion order excluding from importation into the U.S. all of the Respondents' semiconductor devices and semiconductor device packages and Downstream Respondents' products containing Respondents' semiconductor devices and semiconductor device packages that infringe one or more of the three patents subject to the ITC Investigation and (2) a permanent cease and desist order prohibiting the Respondents and Downstream Respondents and related companies from importing, marketing, advertising, demonstrating, warehousing inventory for distribution, offering for sale, selling, qualifying for use in the products of others, distributing, or using the Respondents' semiconductor devices and semiconductor device packages and Downstream Respondents' products containing Respondents' semiconductor devices and semiconductor device packages that infringe one or more of the three patents subject to the ITC Investigation. The ITC held the hearing in March 2017. On June 30, 2017, the administrative law judge issued an initial determination finding a violation with respect to U.S. Patent No. 6,849,946 and no violation with respect to U.S. Patent Nos. 6,133,136 and 6,856,007. The administrative law judge recommended that the ITC issue limited exclusion and cease and desist orders and recommended that we post a 100% import bond during the presidential review period. Broadcom and Downstream Respondents are petitioning for ITC review of the initial determination, and the ITC will announce what issues it intends to review on September 29, 2017. The target date for completion of the investigation and the issuance of the final determination is December 1, 2017.

An adverse final determination from the ITC could result in issuance of a limited exclusion order and cease and desist order, or the ITC Orders, that could prevent Broadcom and the Downstream Respondents from importing and selling in the United States certain semiconductor devices and Downstream Respondents' products that incorporate those devices, or collectively, Covered Products. During the 60-day presidential review period following the final determination, Broadcom and the Downstream Respondents could continue to import and sell Covered Products by paying a bond. The administrative law judge's recommended bond is 100% of the sales price of the Covered Products. At the end of the presidential review period, if the U.S. Trade Representative does not disapprove the final determination, the ITC Orders would go into full effect.

If the ITC orders go into full effect, Broadcom and its contract manufacturers would need to develop redesigned products that do not infringe, or Broadcom, its contract manufacturers, and/or the Downstream Respondents would need to obtain a license from Tessera to continue importing and selling Covered Products. It may not be possible to do this in a timely fashion or at all. In addition, any redesigned products would have to be approved by the ITC or US Customs and Border Protection before they could be imported or sold in the United States. Broadcom may not be successful in obtaining such approvals in a timely manner, or at all. Broadcom may also have to indemnify some customers.

In such event, any failure to effectively redesign and obtain timely clearance for Covered Products, or to obtain a license from Tessera, may cause a disruption to Broadcom's product shipments and materially and adversely affect Broadcom's business, prospects, reputation, results of operations, and financial condition.

On May 23, 2016, Tessera and Invensas filed a complaint against BRCM in the U.S. District Court for the District of Delaware, Case No. 1-16-cv-00379, alleging infringement of the three patents subject to the ITC Investigation. The complaint seeks compensatory damages in an unspecified amount, as well as an award of reasonable attorneys' fees, interest, and costs. This case is stayed pending resolution of the ITC Investigation.

On May 23, 2016, Tessera and Tessera Advanced Technologies, Inc. filed a complaint against BRCM in the U.S. District Court for the District of Delaware, Case No. 1-16-cv-00380, alleging infringement of four patents relating to semiconductor packaging and circuit technologies. On June 19, 2016, the complaint was amended to add three more patents relating to semiconductor packaging technologies for a total of seven patents in this matter. The complaint seeks compensatory damages in an unspecified amount, as well as an award of reasonable attorneys' fees, interest, and costs.

On May 23, 2016, Invensas filed a Writ of Summons against Broadcom, BRCM, Broadcom Netherlands B.V. and Broadcom Communications Netherlands B.V. in the Hague District Court in the Netherlands, Case No. L1422381, alleging infringement of a single European patent that is a foreign counterpart to one of the patents subject to the ITC Investigation, or the European Patent. The named defendants also include distributors EBV Elektronik GmbH, Arrow Central Europe GmbH, and Mouser Electronics Netherlands B.V. The requested relief includes a cease-and-desist order and damages in an unspecified amount.

On May 23, 2016, Invensas also filed a complaint against each of (i) Broadcom Germany GmbH and Broadcom's German distributors, Case No. 7 O 97/16, and (ii) Broadcom and BRCM, Case No. 7 O 98/16, in the Mannheim District Court in Germany, alleging infringement of the European Patent. The required relief includes damages in an unspecified amount and an injunction preventing the sale of the accused products. On February 3, 2017, the Mannheim District Court held a hearing to determine infringement. On March 17, 2017, the Mannheim District Court issued its ruling. The court found infringement in both cases and granted injunctions preventing the commercialization of certain Broadcom products in Germany. Broadcom is appealing the decision. On March 27, 2017, Broadcom filed a brief with the appellate court in Germany in Case No. 7 O 98/16 seeking: (1) reversal on the merits, (2) a higher bond for enforcement of the injunction, and (3) a stay of enforcement pending the nullity action. On May 22, 2017, Broadcom filed its appeal of Case No. 7 O 97/16 seeking (1) reversal on the merits and (2) a stay of enforcement. On June 1, 2017, the German appellate court denied Broadcom's request for a stay of enforcement in Case No. 7 O 98/16, but has not yet ruled on our appeal of the decision on the merits or the higher bond amount. Tessera is now enforcing the injunction in both cases against Broadcom.

The nullity action, which could invalidate the patent at issue in both German cases, is scheduled to be decided in January 2018, and Broadcom expects a preliminary decision from the German appellate court on the patent's validity in October 2017.

On November 7, 2016, Invensas filed a complaint against Avago, Avago U.S., Emulex Corporation, or Emulex, LSI and PLX Technology, Inc., or PLX, in the U.S. District Court for the District of Delaware, Case No. 1-16-cv-01033, alleging infringement of two of the patents subject to the ITC Investigation. The complaint seeks compensatory damages in an unspecified amount, as well as an award of reasonable attorneys' fees, interest, and costs. This case is stayed pending resolution of the ITC Investigation.

On November 7, 2016, Tessera and Invensas filed a complaint against Avago, Avago U.S., and Avago Technologies Wireless (U.S.A.) Manufacturing Inc. in the U.S. District Court for the District of Delaware, Case No. 1-16-cv-01034, alleging infringement of two patents relating to semiconductor packaging technology. On January 31, 2017, Tessera and Invensas amended the complaint in this matter and added three additional patents related to semiconductor packaging technology, which are also at issue in case No. 1-16-cv-00379 pending in Delaware. The complaint seeks compensatory damages in an unspecified amount, as well as an award of reasonable attorneys' fees, interest, and costs.

We continue to vigorously defend these actions.

Lawsuits Relating to the Acquisition of BRCM

Following the announcement of the Broadcom Merger, 11 putative class action complaints were filed by and purportedly on behalf of alleged BRCM shareholders. Two putative class action complaints, or the Federal Actions, were filed in the United States District Court for the Central District of California, or the U.S. Central District Court. One putative class action complaint was filed in the Superior Court of the State of California, County of Santa Clara and eight putative class action complaints were filed in the Superior Court of the State of California, County of Orange, or the State Actions. The Federal Actions and State Actions name as defendants, among other parties, BRCM, members of BRCM’s board of directors and Avago, and allege, among other things, breaches of fiduciary duties and aiding and abetting those alleged breaches. Additionally, the Federal Actions allege violations of Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14-a9.

On January 15, 2016, lead plaintiffs in the Federal Actions filed a Second Amended Consolidated Class Action Complaint, or the Federal Consolidated Complaint, which names as defendants, among other parties, members of BRCM’s board of directors and Avago, and alleges breaches of fiduciary duties and aiding and abetting those alleged breaches, as well as violation of Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14-a9.

On September 23, 2016, the parties entered into a Stipulation and Agreement of Compromise and Settlement, or the Stipulation, which has been filed with the U.S. Central District Court. Pursuant to the Stipulation, BRCM agreed to confirm certain facts concerning the Broadcom Merger. Additionally, defendants agreed to pay or cause to be paid attorneys' fees and expenses as may be awarded by the U.S. Central District Court to plaintiffs' counsel for their efforts in prosecuting the litigation, as well as the costs of administering the settlement. The Stipulation includes a release of all claims against defendants relating to or arising from the litigation. On December 2, 2016, the U.S. Central District Court granted preliminary approval of the settlement. On February 27, 2017, the U.S. Central District Court granted final approval of the settlement. On March 16, 2017, the State Actions were dismissed with prejudice pursuant to the settlement. The settlement did not have an impact on our financial statements.

We believe that the claims in the litigation, including the Federal Consolidated Complaint, were without merit and that no misconduct or damages occurred. Defendants entered into the settlement to eliminate the burden, distraction, and expense of further litigation.

Lawsuits Relating to the Acquisition of Emulex

On March 3, 2015, two putative shareholder class action complaints were filed in the Court of Chancery of the State of Delaware, or the Delaware Court of Chancery, against Emulex, its directors, Avago Technologies Wireless (U.S.A.) Manufacturing Inc., or AT Wireless, and Emerald Merger Sub, Inc., or Emerald Merger Sub, captioned as follows: James Tullman v. Emulex Corporation, et al., Case No. 10743-VCL (Del. Ch.); Moshe Silver ACF/Yehudit Silver U/NY/UTMA v. Emulex Corporation, et al., Case No. 10744-VCL (Del. Ch.). On March 11, 2015, a third complaint was filed in the Delaware Court of Chancery, captioned Hoai Vu v. Emulex Corporation, et al., Case No. 10776-VCL (Del. Ch.). The complaints alleged, among other things, that Emulex's directors breached their fiduciary duties by approving the Agreement and Plan of Merger, dated February 25, 2015, by and among AT Wireless, Emerald Merger Sub and Emulex and that AT Wireless and Emerald Merger Sub aided and abetted these alleged breaches of fiduciary duty. The complaints sought, among other things, either to enjoin the transaction or to rescind it following its completion, as well as damages, including attorneys' and experts' fees. The Delaware Court of Chancery has entered an order consolidating the three Delaware actions under the caption In re Emulex Corporation Stockholder Litigation, Consolidated C.A. No. 10743-VCL. On May 5, 2015, we completed our acquisition of Emulex. On June 5, 2015, the Court of Chancery dismissed the consolidated action without prejudice.

On April 8, 2015, a putative class action complaint was filed in the U.S. Central District Court, entitled Gary Varjabedian, et al. v. Emulex Corporation, et al., No. 8:15-cv-554-CJC-JCG. The complaint names as defendants Emulex, its directors, AT Wireless and Emerald Merger Sub, and purported to assert claims under Sections 14(d), 14(e) and 20(a) of the Exchange Act. The complaint alleged, among other things, that the board of directors of Emulex failed to provide material information and/or omitted material information from the Solicitation/Recommendation Statement on Schedule 14D-9 filed with the SEC on April 7, 2015 by Emulex, together with the exhibits and annexes thereto. The complaint sought to enjoin the tender offer to purchase all of the outstanding shares of Emulex common stock, as well as certain other equitable relief and attorneys' fees and costs. On July 28, 2015, the U.S. Central District Court issued an order appointing the lead plaintiff and approving lead counsel for the putative class. On September 9, 2015, plaintiff filed a first amended complaint seeking rescission of the merger, unspecified money damages, other equitable relief and attorneys' fees and costs. On October 13, 2015, defendants moved to dismiss the first amended complaint, which the U.S. Central District Court granted with prejudice on January 13, 2016. Plaintiff filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit, or the Ninth Circuit Court, on January 15, 2016. The appeal is captioned Gary Varjabedian, et al. v. Emulex Corporation, et al., No. 16-55088. On June 27, 2016, the Plaintiff-Appellant filed his opening brief, on August 17 and August 22, 2016, the Defendants-Appellees filed their answering briefs, and on October 5, 2016 Plaintiff-Appellant filed his reply brief. The Ninth Circuit Court will hear oral argument on October 5, 2017. We are unable to predict the date on which the Ninth Circuit Court will issue any decision at this time.

We believe these claims are all entirely without merit and intend to vigorously defend these actions.

Lawsuits Relating to the Acquisition of PLX

In June and July 2014, four lawsuits were filed in the Superior Court for the State of California, County of Santa Clara, or the Superior Court, challenging our acquisition of PLX. On July 22, 2014, the Superior Court consolidated these California actions under the caption In re PLX Technology, Inc. S'holder Litig., Lead Case No. 1-14-CV-267079 (Cal. Super. Ct., Santa Clara) and appointed lead counsel. That same day, the Superior Court also stayed the consolidated action, pending resolution of related actions filed in the Delaware Court of Chancery, described below. Also in June and July 2014, five similar lawsuits were filed in the Delaware Court of Chancery. On July 21, 2014, the Delaware Court of Chancery consolidated these Delaware actions under the caption In re PLX Technology, Inc. Stockholders Litigation, Consol. C.A. No. 9880-VCL (Del. Ch.), appointed lead plaintiffs and lead counsel, and designated an operative complaint for the consolidated action. On July 31, 2014, counsel for lead plaintiffs in Delaware informed the Delaware Court of Chancery that they would not seek a preliminary injunction, but intend to seek damages and pursue monetary remedies through post-closing litigation. Our acquisition of PLX closed on August 12, 2014.

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On October 31, 2014, lead plaintiffs filed a consolidated amended complaint. This complaint alleges, among other things, that PLX's directors breached their fiduciary duties to PLX's stockholders by seeking to sell PLX for an inadequate price, pursuant to an unfair process, and by agreeing to preclusive deal protections in the merger agreement. Plaintiffs also allege that Potomac Capital Partners II, L.P., Deutsche Bank Securities, AT Wireless and Pluto Merger Sub, Inc., the acquisition subsidiary, aided and abetted the alleged fiduciary breaches. Plaintiffs also allege that PLX's Solicitation/Recommendation statement on Schedule 14D-9, as filed with the SEC, contained false and misleading statements and/or omitted material information necessary to inform the shareholder vote. The plaintiffs seek, among other things, monetary damages and attorneys' fees and costs. On September 3, 2015, the Delaware Court of Chancery granted motions to dismiss filed by AT Wireless, the acquisition subsidiary and two PLX directors, and denied motions to dismiss filed by several other PLX directors, Potomac Capital Partners II, L.P. and Deutsche Bank Securities.

On August 17, 2016, the five remaining PLX director-defendants and Deutsche Bank Securities entered into a stipulation of partial settlement to resolve claims against all of the former PLX directors and Deutsche Bank Securities asserted in the Delaware class action. The partial settlement also provides for a release of all potential claims against AT Wireless, Pluto Merger Sub, Avago and PLX. Defendant Potomac Capital Partners II, L.P. is not a party to the settlement. This partial settlement was approved by the Delaware Court of Chancery on December 20, 2016.

The Delaware class litigation is on-going. On November 9, 2016, the sole remaining defendant, Potomac Capital Partners II, L.P., filed cross-claims against the named individual director defendants and Deutsche Bank for contribution. Under various contracts and statutes, PLX may owe indemnification to each of these parties. The cross-claims are now barred according to the terms of the approved partial settlement, although Potomac Capital Partners II, L.P. might be entitled to an offset (based on contributory fault) of any damages it might owe to the class.

Other Matters

In addition to the matters discussed above, we are currently engaged in a number of legal actions in the ordinary course of our business.

We do not believe, based on currently available facts and circumstances, that the final outcome of any pending legal proceedings, taken individually or as a whole, will have a material adverse effect on our financial condition, results of operations or cash flows. However, lawsuits may involve complex questions of fact and law and may require the expenditure of significant funds and other resources to defend. The results of litigation are inherently uncertain, and material adverse outcomes are possible. From time to time, we may enter into confidential discussions regarding the potential settlement of such lawsuits. Any settlement of pending litigation could require us to incur substantial costs and other ongoing expenses, such as future royalty payments in the case of an intellectual property dispute.

During the periods presented, no material amounts have been accrued or disclosed in the accompanying condensed consolidated financial statements with respect to loss contingencies associated with any legal proceedings, as potential losses for such matters are not considered probable and ranges of losses are not reasonably estimable. These matters are subject to many uncertainties and the ultimate outcomes are not predictable. There can be no assurances that the actual amounts required to satisfy any liabilities arising from the matters described above will not have a material adverse effect on our results of operations, financial position or cash flows.

Other Indemnifications

As is customary in our industry and as provided for in local law in the United States and other jurisdictions, many of our standard contracts provide remedies to our customers and others with whom we enter into contracts, such as defense, settlement, or payment of judgment for intellectual property claims related to the use of our products. From time to time, we indemnify customers, as well as our suppliers, contractors, lessors, lessees, companies that purchase our businesses or assets and others with whom we enter into contracts, against combinations of loss, expense, or liability arising from various triggering events related to the sale and the use of our products, the use of their goods and services, the use of facilities and state of our owned facilities, the state of the assets and businesses that we sell and other matters covered by such contracts, usually up to a specified maximum amount. In addition, from time to time we also provide protection to these parties against claims related to undiscovered liabilities, additional product liabilities or environmental obligations. In our experience, claims made under such indemnifications are rare and the associated estimated fair value of the liability is not material.

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13. Restructuring, Impairment and Disposal Charges

Restructuring Charges

In the second quarter of fiscal year 2016, we began the implementation of cost reduction activities associated with the Broadcom Merger. Restructuring costs recorded in continuing operations were $19 million and $83 million for fiscal quarter and three fiscal quarters ended July 30, 2017, respectively, and $57 million and $364 million for the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively. Restructuring costs in continuing operations, for each period, primarily related to employee termination costs associated with the Broadcom Merger.

Approximately 3,500 employees have been terminated from our workforce across all business and functional areas on a global basis as a result of the Broadcom Merger.

The following table summarizes the significant activities within, and components of, the restructuring liabilities related to continuing and discontinued operations during the three fiscal quarters ended July 30, 2017 (in millions):

	Employee Termination Costs	Leases and Other Exit Costs	Total
Balance as of October 30, 2016	$ 116	$ 35	$ 151
Restructuring charges [(a)]	69	18	87
Utilization	(154)	(39)	(193)
Balance as of July 30, 2017 [(b)]	$ 31	$ 14	$ 45

(a) Included $4 million of restructuring expense related to discontinued operations recognized during the three fiscal quarters ended July 30, 2017, which was included in loss from discontinued operations in our condensed consolidated statements of operations.

(b) The majority of the employee termination costs balance is expected to be paid by the fourth quarter of fiscal year 2017. The leases and other exit costs balance represents lease obligations that are expected to be paid over their remaining terms through the third quarter of fiscal year 2018.

Impairment and Disposal Charges

During the fiscal quarter and three fiscal quarters ended July 30, 2017, we recorded impairment and disposal charges of $14 million and $39 million, respectively. These charges included impairments of property, plant and equipment and an in-process research and development, or IPR&D, project.

During the fiscal quarter and three fiscal quarters ended July 31, 2016, we recorded impairment and disposal charges of $225 million and $269 million, respectively. These charges included impairments of IPR&D projects and losses on the sale of certain fiber optics subsystem manufacturing and related assets.

14. Subsequent Events

Cash Dividends/Distribution Declared

On August 29, 2017, Broadcom’s Board of Directors declared an interim cash dividend of $1.02 per Broadcom ordinary share, payable on September 29, 2017 to shareholders of record at the close of business (Eastern Time) on September 19, 2017, or the Broadcom Dividend.

As a result of the Broadcom Dividend, and pursuant to the Partnership Agreement, the Partnership will pay a cash distribution in an amount equal to the aggregate amount of the Broadcom Dividend to Broadcom, as General Partner, and a $1.02 distribution per Partnership REU, payable on September 29, 2017, to Limited Partners of record at the close of business (Eastern Time) on September 19, 2017.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, or Form 10-Q, and the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the fiscal year ended October 30, 2016, or fiscal year 2016, included in the Annual Report on Form 10-K for fiscal year 2016, or 2016 Annual Report on Form 10-K. Unless stated otherwise or the context otherwise requires, references to "Broadcom," "we," "our" and "us" mean Broadcom Limited and its consolidated subsidiaries, including Broadcom Cayman L.P. References to the "Partnership" mean Broadcom Cayman L.P. and its consolidated subsidiaries. Financial information and results of operations for periods prior to February 1, 2016 relate to Avago Technologies Limited, our predecessor, or Avago, and relate to Broadcom and the Partnership for the periods after February 1, 2016, the date of completion of our acquisition of Broadcom Corporation, or the Broadcom Merger, and Avago. This Form 10-Q may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, which are made under the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward-looking statements may include projections of financial information; statements about historical results that may suggest trends for our business; statements of the plans, strategies, and objectives of management for future operations; statements of expectation or belief regarding future events (including any acquisitions we may make), technology developments, our products, product sales, expenses, liquidity, cash flow and growth rates, customer concentration and relationships, or enforceability of our intellectual property rights, or IP; and the effects of seasonality on our business. Such statements are based on current expectations, estimates, forecasts and projections of our or industry performance and macroeconomic conditions, based on management's judgment, beliefs, current trends and market conditions, and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Accordingly, we caution you not to place undue reliance on these statements. Important factors that could cause actual results to differ materially from our expectations are disclosed under "Risk Factors" in Part II, Item 1A of this Form 10-Q, and in other documents we file from time to time with the Securities and Exchange Commission, or SEC. All of the forward-looking statements in this Form 10-Q are qualified in their entirety by reference to the factors listed above and those discussed under the heading "Risk Factors" below. We undertake no intent or obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as otherwise required by law.

Overview

We are a leading designer, developer and global supplier of a broad range of semiconductor devices with a focus on complex digital and mixed signal complementary metal oxide semiconductor based devices and analog III-V based products. We have a history of innovation and offer thousands of products that are used in end products such as enterprise and data center networking, home connectivity, set-top boxes, broadband access, telecommunication equipment, smartphones and base stations, data center servers and storage systems, factory automation, power generation and alternative energy systems, and electronic displays. We have four reportable segments: wired infrastructure, wireless communications, enterprise storage and industrial & other, which align with our principal target markets.

Broadcom Cayman L.P., or the Partnership, is an exempted limited partnership formed under the laws of the Cayman Islands. Broadcom is the Partnership's sole General Partner and owns a majority interest (by vote and value) in the Partnership.

Recent Developments and Highlights

Highlights during the three fiscal quarters ended July 30, 2017 include the following:

- Our cash, cash equivalents and short term investments were $5,449 million at July 30, 2017, compared with $3,097 million at October 30, 2016.
- We generated $4,592 million of cash from operations during the three fiscal quarters ended July 30, 2017.

- Broadcom paid aggregate cash dividends on its ordinary shares of $1,237 million, and the Partnership made aggregate distributions of $69 million on its restricted exchangeable limited partnership units, or Partnership REUs, during the three fiscal quarters ended July 30, 2017.
- On January 19, 2017, two Broadcom subsidiaries completed the issuance and sale of senior unsecured notes, or the Senior Notes, in an aggregate principal amount of $13,550 million. The net proceeds, together with cash on hand, were used to repay all of the outstanding term loans under our guaranteed, collateralized credit agreement entered into on February 1, 2016, or the 2016 Credit Agreement, in the aggregate amount of $13,555 million. As a result,

during three fiscal quarters ended July 30, 2017, we wrote-off $159 million of debt issuance costs, which were included in loss on extinguishment of debt in the condensed consolidated statements of operations.

Acquisition & Divestitures

Pending Acquisition of Brocade Communications Systems, Inc.

On November 2, 2016, we entered into an Agreement and Plan of Merger, or the Brocade Agreement, by and among Broadcom, Broadcom Corporation, or BRCM, Brocade Communications Systems, Inc., a Delaware corporation, or Brocade, and Bobcat Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of BRCM, or Merger Sub. On December 18, 2016, BRCM assigned all of its rights and obligations under the Brocade Agreement and transferred all of the issued and outstanding capital stock of Merger Sub to LSI Corporation. The Brocade Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into Brocade with Brocade as the surviving corporation, or the Brocade Acquisition. As a result of the Brocade Acquisition, Brocade will become an indirect subsidiary of Broadcom and the Partnership.

Under the Brocade Agreement, at the effective time of the Brocade Acquisition, each issued and outstanding share of Brocade common stock held by Brocade stockholders who do not perfect their appraisal rights with respect to the Brocade Acquisition will be converted into the right to receive $12.75 in cash, without interest. As of November 2, 2016, the Brocade Acquisition was valued at approximately $5.5 billion. We intend to finance the transaction with cash on hand from both companies and new debt financing.

We will also assume certain vested (to the extent not in-the-money) and all unvested Brocade stock options, restricted stock units, or RSUs, and performance stock units, or PSUs, held by continuing employees and service providers. All vested in-the-money Brocade stock options, after giving effect to any acceleration, and all other RSUs and PSUs will be cashed out at the effective time of the Brocade Acquisition.

Consummation of the Brocade Acquisition is subject to the satisfaction or waiver of customary closing conditions, including the receipt of clearance from The Committee on Foreign Investment in the United States, and the absence of certain pending governmental litigation with respect to the transactions contemplated by the Brocade Agreement.

The Brocade Agreement contains certain termination rights for us and Brocade, and further provides that, upon termination of the Brocade Agreement under certain specified circumstances, Brocade will be obligated to pay us a termination fee of $195 million.

We expect the Brocade Acquisition to be completed during the fourth quarter of our fiscal year 2017, subject to the satisfaction of the remaining closing conditions.

Pending Divestiture of Brocade’s IP Networking Business

Under the Brocade Agreement, Brocade has agreed to cooperate with us to facilitate the sale, disposition or other transfer of its IP Networking business, including its acquired Ruckus Wireless business. The consummation of the Brocade Acquisition is not conditioned on the divestiture of Brocade’s IP Networking business.

On February 22, 2017, we announced our agreement to sell a portion of Brocade’s IP Networking business, including the Ruckus Wireless and ICX Switch businesses, to ARRIS International plc for cash consideration of $800 million, plus the additional cost of unvested assumed employee stock awards. The closing is subject to regulatory approvals in various jurisdictions and other customary closing conditions but does not require shareholder approval by either company and is not subject to any financing conditions. We have also entered into an agreement to sell the data center portion of Brocade’s IP networking business to Extreme Networks, Inc. These transactions are contingent on the closing of the Brocade Acquisition and are expected to close within one month following the closing of the Brocade Acquisition.

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Critical Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. Our actual financial results may differ materially and adversely from our estimates. Our critical accounting policies are those that affect our historical financial statements materially and involve difficult, subjective or complex judgments by management. Those policies include revenue recognition, business combinations, valuation of long-lived assets, intangible assets and goodwill, inventory valuation, income taxes, retirement and post-retirement benefit plan assumptions, share-based compensation, and employee bonus programs.

There were no significant changes in our critical accounting policies during the three fiscal quarters ended July 30, 2017 compared to those previously disclosed in “Critical Accounting Estimates” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2016 Annual Report on Form 10-K.

Results of Operations

Fiscal Quarter and Three Fiscal Quarters Ended July 30, 2017 Compared to Fiscal Quarter and Three Fiscal Quarters Ended July 31, 2016

The following tables set forth our results of operations for the periods presented:

	Fiscal Quarter Ended			
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
	(In millions)		(As a percentage of net revenue)	
Statements of Operations Data:				
Net revenue	$4,463	$3,792	100%	100 %
Cost of products sold:				
Cost of products sold	1,658	1,520	37	40
Purchase accounting effect on inventory	1	271	—	7
Amortization of acquisition-related intangible assets	655	211	15	6
Restructuring charges	—	8	—	—
Total cost of products sold	2,314	2,010	52	53
Gross margin	2,149	1,782	48	47
Research and development	827	814	19	22
Selling, general and administrative	200	230	3	6
Amortization of acquisition-related intangible assets	441	728	10	19
Restructuring, impairment and disposal charges	33	274	1	7
Total operating expenses	1,501	2,046	33	54
Operating income (loss)	$648	$(264)	15 %	(7)%

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	Three Fiscal Quarters Ended			
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
	(In millions)		(As a percentage of net revenue)	
Statements of Operations Data:				
Net revenue	$12,792	$9,104	100%	100 %
Cost of products sold:				
Cost of products sold	4,795	3,656	38	41
Purchase accounting effect on inventory	2	1,099	—	12
Amortization of acquisition-related intangible assets	1,853	539	14	6
Restructuring charges	16	41	—	—
Total cost of products sold	6,666	5,335	52	59
Gross margin	6,126	3,769	48	41
Research and development	2,464	1,868	19	21
Selling, general and administrative	605	582	5	6
Amortization of acquisition-related intangible assets	1,323	1,517	10	17
Restructuring, impairment and disposal charges	106	592	1	6
Total operating expenses	4,498	4,559	35	50
Operating income (loss)	$1,628	$(790)	13 %	(9)%

Net Revenue

Our overall net revenue, as well as the percentage of total net revenue generated by sales in each of our segments, has varied from quarter to quarter, due largely to fluctuations in end-market demand, including the effects of seasonality, which are discussed in detail below under “Seasonality”.

Historically, a relatively small number of customers have accounted for a significant portion of our net revenue. Direct sales to Foxconn Technology Group companies (including Hon Hai Precision Industries), together referred to as Foxconn, accounted for 13% and 14% of our net revenue during the fiscal quarter and three fiscal quarters ended July 30, 2017, respectively. Foxconn accounted for 13% of our net revenue during both the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively. We believe our aggregate sales to Apple Inc., when our direct sales to it are combined with our sales to the contract manufacturers that it utilizes (which include Foxconn), accounted for nearly 20% of our net revenue for the fiscal quarter ended July 30, 2017, more than 15% of our net revenue for three fiscal quarters ended July 30, 2017 and more than 10% of our net revenue for both the fiscal quarter and three fiscal quarters ended July 31, 2016.

For the fiscal quarter ended July 30, 2017, our top 10 direct customers collectively accounted for 58% of our net revenue and included five distributors. For the three fiscal quarters ended July 30, 2017, our top 10 direct customers collectively accounted for 55% of our net revenue and included five distributors.

From time to time, some of our key customers place large orders or delay orders, causing our quarterly net revenue to fluctuate significantly. This is particularly true in our wireless communications segment as fluctuations may be magnified by the launches of, and seasonal variations in, sales of mobile handsets, as well as changes in the overall economic environment.

In recent years, approximately 50% of our net revenue has come from sales to distributors, original equipment manufacturers, or OEMs, and contract manufacturers located in China. However, the end-customers for our products, or for the end products into which our products are incorporated, are frequently located in countries other than China. As a result, we believe that a substantially smaller percentage of our net revenue is ultimately dependent on sales of either our product, or our customers’ product incorporating our product, to end-customers located in China.

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The following tables set forth net revenue by segment for the periods presented:

Net Revenue	Fiscal Quarter Ended				Three Fiscal Quarters Ended			
	July 30, 2017	July 31, 2016	$ Change	% Change	July 30, 2017	July 31, 2016	$ Change	% Change
	(In millions, except for percentages)							
Wired infrastructure	$2,208	$2,062	$ 146	7 %	$6,403	$4,508	$1,895	42 %
Wireless communications	1,283	1,008	275	27 %	3,608	2,378	1,230	52 %
Enterprise storage	735	527	208	39 %	2,154	1,730	424	25 %
Industrial & other	237	195	42	22 %	627	488	139	28 %
Total net revenue	$4,463	$3,792	$ 671	18 %	$12,792	$9,104	$3,688	41 %

% of Net Revenue	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Wired infrastructure	50%	54%	50%	50%
Wireless communications	29	27	28	26
Enterprise storage	16	14	17	19
Industrial & other	5	5	5	5
Total net revenue	100%	100%	100%	100%

Fiscal quarter ended July 30, 2017 compared to corresponding prior year period. Net revenue from our wired infrastructure segment increased primarily due to an increase in demand for our set-top box, networking standard and application-specific integrated circuit, or ASIC, and optical products, partially offset by decline in demand for our broadband access products. Net revenue from our wireless communications segment increased primarily due to an increase in our wireless content in handsets. Net revenue from our enterprise storage segment increased primarily due to an increase in demand for our hard disk drive, or HDD, custom solid state drive, or SSD, controller, and server storage connectivity products. The demand for our HDD products was unusually high when compared to the corresponding prior year period. Net revenue from our industrial & other segment increased primarily due to an increase in licensing of IP and an increase in demand for our optocoupler products.

Three fiscal quarters ended July 30, 2017 compared to corresponding prior year period. Total net revenue increased primarily due to three quarters of contributions from acquired BRCM products in 2017 compared to two quarters in 2016. Net revenue from our wired infrastructure segment increased primarily due to full period contributions from acquired BRCM products. Net revenue from our wireless communications segment increased primarily due to full period contributions from acquired BRCM products and an increase in our wireless content in handsets. Net revenue from our enterprise storage segment increased primarily due to an increase in demand for our HDD, custom SSD controller, and server storage connectivity products. The demand for our HDD products was unusually high when compared to the corresponding prior year period. Net revenue from our industrial & other segment increased primarily due to an increase in demand for our optocoupler products and licensing of IP.

Gross Margin

Gross margin was $2,149 million for the fiscal quarter ended July 30, 2017 compared to $1,782 million for the fiscal quarter ended July 31, 2016. The $367 million increase was primarily due to an 18% increase in net revenue and a $270 million reduction in purchase accounting effect on inventory, offset by an increase of $444 million in amortization of acquisition-related intangible assets. Gross margin was $6,126 million for the three fiscal quarters ended July 30, 2017 compared to $3,769 million for the three fiscal quarters ended July 31, 2016. The $2,357 million increase was primarily due to a 41% increase in net revenue and a $1,097 million reduction in purchase accounting effect on inventory, offset in part by an increase of $1,314 million in amortization of acquisition-related intangible assets.

As a percentage of net revenue, gross margin was relatively flat at 48% and 47% for the fiscal quarters ended July 30, 2017 and July 31, 2016, respectively. As a percentage of net revenue, gross margin increased to 48% for the three fiscal quarters ended July 30, 2017 from 41% for the three fiscal quarters ended July 31, 2016. This increase was primarily due to a decrease in the purchase accounting effect on inventory, as well as more favorable product mix, partially offset by an increase in amortization of acquisition-related intangible assets. We expect to incur additional amortization of acquisition-related intangible assets in future periods as a result of any further acquisitions, particularly the pending Brocade Acquisition.

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Research and Development Expense

Research and development expense increased $13 million, or 2%, for the fiscal quarter ended July 30, 2017 compared to the fiscal quarter ended July 31, 2016. Research and development expense as a percentage of net revenue was 19% for the fiscal quarter ended July 30, 2017 compared to 22% for the fiscal quarter ended July 31, 2016. Research and development expense dollars were higher primarily due to an increase in share-based compensation expense, partially offset by benefits from restructuring actions that we initiated following the Broadcom Merger.

Research and development expense increased $596 million, or 32%, for the three fiscal quarters ended July 30, 2017 compared to the three fiscal quarters ended July 31, 2016. Research and development expense as a percentage of net revenue was 19% and 21% for the three fiscal quarters ended July 30, 2017 and July 31, 2016, respectively. Research and development expense dollars were higher as they reflected three quarters of expense resulting from the Broadcom Merger, compared to two quarters in the prior year period and higher share-based compensation expense, partially offset by benefits from restructuring actions that we initiated following the Broadcom Merger. Share-based compensation expense was higher in the three fiscal quarters ended July 30, 2017 due to equity awards granted to employees acquired in the Broadcom Merger, as well as annual employee equity awards granted at higher grant-date fair values.

Selling, General and Administrative Expense

Selling, general and administrative expense decreased $30 million, or 13%, for the fiscal quarter ended July 30, 2017, compared to the fiscal quarter ended July 31, 2016. Selling, general and administrative expense as a percentage of net revenue was 3% for the fiscal quarter ended July 30, 2017 compared to 6% for the fiscal quarter ended July 31, 2016. These decreases reflected benefits from restructuring actions that we initiated following the Broadcom Merger.

Selling, general and administrative expense increased $23 million, or 4%, for the three fiscal quarters ended July 30, 2017, compared to the three fiscal quarters ended July 31, 2016. This increase was primarily due to three quarters of expense resulting from the Broadcom Merger compared to two quarters in the prior year period and higher share-based compensation expense, partially offset by benefits from restructuring actions that we initiated following the Broadcom Merger. Share-based compensation was higher in the three fiscal quarters ended July 30, 2017 due to equity awards granted to employees acquired in the Broadcom Merger, as well as annual employee equity awards granted at higher grant-date fair values.

Amortization of Acquisition-Related Intangible Assets

Amortization of acquisition-related intangible assets recognized in operating expenses was $441 million and $1,323 million for the fiscal quarter and three fiscal quarters ended July 30, 2017, respectively, compared to $728 million and $1,517 million for the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively. Amortization of acquisition-related intangible assets, for each period, primarily consisted of amortization of the intangible assets acquired in the Broadcom Merger. We expect to incur additional amortization of acquisition-related intangible assets in future periods as a result of any further acquisitions, particularly the pending Brocade Acquisition.

Restructuring, Impairment and Disposal Charges

Restructuring, impairment and disposal charges recognized in operating expenses, primarily related to employee termination costs, were $33 million and $106 million for the fiscal quarter and three fiscal quarters ended July 30, 2017, respectively, compared to $274 million and $592 million for the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively. The decrease was mainly due to a decrease in restructuring activities resulting from the Broadcom Merger as these activities were substantially completed. We expect to incur additional restructuring charges in future periods as a result of any further acquisitions, particularly the pending Brocade Acquisition.

Segment Operating Results

The following table sets forth operating income (loss) by segment for the periods presented:

Operating Income (Loss)	Fiscal Quarter Ended				Three Fiscal Quarters Ended			
	July 30, 2017	July 31, 2016	$ Change	% Change	July 30, 2017	July 31, 2016	$ Change	% Change
	(In millions, except for percentages)							
Wired infrastructure	$1,015	$846	$ 169	20 %	$2,885	$1,800	$1,085	60 %
Wireless communications	492	308	184	60 %	1,333	754	579	77 %

Enterprise storage	417	223	194	87 %	1,174	749	425	57 %
Industrial & other	131	102	29	28 %	301	256	45	18 %
Unallocated expenses	(1,407)	(1,743)	336	(19)%	(4,065)	(4,349)	284	(7)%
Total operating income (loss)	$ 648	$ (264)	$ 912	345 %	$ 1,628	$ (790)	$ 2,418	306 %

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Fiscal quarter ended July 30, 2017 compared to corresponding prior year period. Operating income from our wired infrastructure segment increased primarily due to an increase in revenue from our set-top box products, networking standard and ASIC products, and optical products. Operating income from our wireless communications segment increased primarily due to higher revenue largely resulting from an increase in our wireless content in handsets and improved gross margin. Operating income from our enterprise storage segment increased due to an increase in revenue from our HDD, custom SSD controller, and server storage connectivity products. Operating income from our industrial & other segment increased primarily due to an increase in revenue from our licensing of IP and our optocoupler products as a result of an increase in demand for these products. In addition to the factors noted above, our operating income benefited from the result of restructuring actions that we initiated following the Broadcom Merger.

Three fiscal quarters ended July 30, 2017 compared to corresponding prior year period. Operating income from our wired infrastructure segment increased primarily due to full period revenue from acquired BRCM products and an increase in revenue from our ASIC products. Operating income from our wireless communications segment increased primarily due to full period revenue from acquired BRCM products and the increase in revenue primarily due to an increase in our wireless content in handsets. Operating income from our enterprise storage segment increased due to an increase in revenue from our HDD, custom SSD controller, and server storage connectivity products. Operating income from our industrial & other segment increased primarily due to an increase in revenue from our optocoupler products as a result of an increase in demand for these products. In addition to the factors noted above, our operating income benefited from the result of restructuring actions that we initiated following the Broadcom Merger.

Unallocated expenses include amortization of acquisition-related intangible assets, share-based compensation expense, restructuring, impairment and disposal charges, acquisition-related costs, and other costs that are not used in evaluating the results of, or in allocating resources to, our segments. Unallocated expenses decreased 19% and 7% in the fiscal quarter and three fiscal quarters ended July 30, 2017, respectively, compared with the corresponding prior year periods, primarily due to reductions in purchase accounting effect on inventory and restructuring, impairment and disposal charges. These reductions were partially offset by increases in amortization of acquisition-related intangible assets. Additionally, share-based compensation expense was higher in fiscal year 2017 due to equity awards granted to employees acquired in the Broadcom Merger, as well as annual employee equity awards granted at higher grant-date fair values.

Non-Operating Income and Expenses

Interest expense. Interest expense was $112 million and $335 million for the fiscal quarter and three fiscal quarters ended July 30, 2017, respectively, and $139 million and $479 million, for the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively. The interest expense for three fiscal quarters ended July 31, 2016 was higher than the three fiscal quarters ended July 30, 2017 primarily due to one-time debt-related expenses associated with the financing of the Broadcom Merger.

Loss on extinguishment of debt. Loss on extinguishment of debt was $159 million for the three fiscal quarters ended July 30, 2017, and $21 million and $74 million for the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively. We issued the Senior Notes to repay all of the term loans outstanding under the 2016 Credit Agreement. As a result, during the three fiscal quarters ended July 30, 2017, we wrote-off $159 million of debt issuance costs. During the three fiscal quarters ended July 31, 2016, we made prepayments on our term loan borrowings outstanding at the time and recorded $74 million of loss on extinguishment of debt due to those prepayments.

Other income, net. Other income, net includes interest income, gains (losses) on foreign currency remeasurement and other miscellaneous items. Other income, net was $12 million and $46 million for the fiscal quarter and three fiscal quarters ended July 30, 2017, respectively, and $4 million and $1 million for the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively. Other income, net for the three fiscal quarters ended July 30, 2017 primarily included a gain on disposal of assets and interest income.

Provision for (benefit from) income taxes. For the fiscal quarter and three fiscal quarters ended July 30, 2017, we had a provision for income taxes of $39 million and a benefit from income taxes of $54 million, respectively, compared to benefits from income taxes of $117 million and $199 million for the fiscal quarter and three fiscal quarters ended July 31, 2016, respectively.

The provision for income taxes for the fiscal quarter ended July 30, 2017 was primarily due to profits from continuing operations and a discrete expense of $76 million resulting from entity reorganizations, partially offset by recognition of $56 million of excess tax benefits from share-based awards that vested or were exercised during the period and the recognition of previously unrecognized tax benefits.

The benefit from income taxes for the three fiscal quarters ended July 30, 2017 was primarily due to the recognition of $237 million of excess tax benefits from share-based awards that vested or were exercised during the period and the recognition of previously unrecognized tax benefits, partially offset by a discrete expense of $76 million resulting from entity reorganizations and profits from continuing operations.

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The benefit from income taxes in the 2016 fiscal periods was primarily due to losses from continuing operations, partially offset by discrete expenses. Discrete expense of $93 million related to the undistributed earnings of foreign operations that were previously considered indefinitely reinvested was recognized in the three fiscal quarters ended July 31, 2016.

Our provision for income taxes in future periods is likely to change as a result of the impact of internal restructuring and reorganizations, excess tax benefits or tax deficiencies from share-based awards, and changes in tax regulation.

Seasonality

Historically, our net revenue has typically been higher in the second half of the fiscal year than in the first half, primarily due to seasonality in our wireless communications segment. This segment has historically experienced seasonality due to launches of new mobile handsets manufactured by our OEM customers. However, from time to time, typical seasonality and industry cyclicality are overshadowed by other factors such as wider macroeconomic effects, the timing of significant product transitions and launches by large OEMs, particularly in the wireless communications and enterprise storage segments. As a result of the Broadcom Merger, our wired infrastructure segment represents the majority of our net revenue, and our business overall is more diversified. As a result, we believe that the impact of typical seasonality in any particular segment on our overall revenue should diminish over time.

Liquidity and Capital Resources

The following section discusses our principal liquidity and capital resources as well as our principal liquidity requirements and uses of cash. Our cash and cash equivalents are maintained in highly liquid investments with remaining maturities of 90 days or less at the time of purchase. Our short-term investments include time deposits with original maturities greater than 90 days but less than one year. We believe our cash equivalents and short-term investments are liquid and accessible.

Our primary sources of liquidity as of July 30, 2017 consisted of: (i) $5,449 million in cash, cash equivalents and short-term investments, (ii) cash we expect to generate from operations and (iii) our outstanding revolving credit facility of up to $500 million aggregate principal amount, or the 2016 Revolving Credit Facility, which is committed until February 1, 2021, and substantially all of which was available to be drawn as of July 30, 2017. In addition, we may also generate cash from the sale of assets from time to time.

During the fiscal quarter ended July 30, 2017, we entered into a trade accounts receivable factoring facility with a third-party financial institution to sell certain of our trade accounts receivable from customers on a non-recourse basis, up to $100 million. Total trade accounts receivable sold under the factoring agreement were $78 million during the fiscal quarter ended July 30, 2017.

Our short-term and long-term liquidity requirements primarily arise from: (i) business acquisitions and investments we may make from time to time, including the pending Brocade Acquisition, (ii) working capital requirements, (iii) research and development and capital expenditure needs, (iv) interim cash dividend payments by Broadcom (if and when declared by the Board), (v) cash distributions by the Partnership (if and when declared by the Partnership's General Partner), (vi) interest and principal payments related to outstanding indebtedness, (vii) payment of income taxes, including taxes resulting from the intercompany transfer of IP acquired in the Broadcom Merger, and (viii) funding employee benefit plan obligations. Our ability to fund these requirements will depend, in part, on our future cash flows, which are determined by our future operating performance and, therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control.

Our capital expenditures for fiscal year 2017 will be higher than fiscal year 2016, due primarily to expenditures for construction at our Irvine and San Jose campuses, purchases of test manufacturing equipment and spending on equipment to support various research and development projects.

Our debt and liquidity needs will also increase as a result of the closing of the Brocade Acquisition. We intend to finance the estimated $5.5 billion of cash consideration needed for that transaction with new debt financing and cash on hand from both companies.

We believe that our cash and cash equivalents on hand, short-term investments and cash flows from operations, combined with current borrowing availability under the 2016 Revolving Credit Facility, as well as committed debt funding related to the pending Brocade Acquisition, will provide sufficient liquidity, after giving effect to the pending

Brocade Acquisition, to operate our business and fund our current and assumed obligations for at least the next 12 months.

From time to time, we engage in discussions with third parties regarding potential acquisitions of, or investments in, businesses, technologies and product lines. Any such transactions, or evaluation of potential transactions, could require significant use of our cash and cash equivalents, or require us to increase our borrowings under our 2016 Credit Agreement, or otherwise, to fund such transactions. We could also reduce certain expenditures such as payment of our cash dividend. If we do not have sufficient cash to fund our operations or finance growth opportunities, including acquisitions, or unanticipated capital expenditures, our business and financial condition could suffer. In such circumstances we may also seek to obtain new

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debt or equity financing. However, we cannot assure you that such additional financing will be available on terms acceptable to us or at all. Our ability to service any indebtedness we may incur, including the Senior Notes, will depend on our ability to generate cash in the future.

We may also elect to sell additional debt or equity securities, or otherwise increase our outstanding indebtedness, for reasons other than those specified above.

Summary and Highlights

Our cash and cash equivalents increased by $2,152 million to $5,249 million at July 30, 2017 from $3,097 million at October 30, 2016. The increase was largely due to $4,592 million in net cash provided by operating activities, $13,550 million of gross proceeds from the issuance of the Senior Notes and $191 million from the issuance of ordinary shares upon exercises of share options and purchase rights under Broadcom's employee share purchase plan, partially offset by the repayment of $13,668 million, in aggregate principal amount, of our term loan borrowings under the 2016 Credit Agreement, an aggregate of $1,306 million in dividend payments by Broadcom and cash distributions by the Partnership, $836 million in capital expenditures, $200 million in purchases of investments and $127 million payment of debt issuance costs related to the Senior Notes.

As a result of an amendment to the 2016 Credit Agreement, which became effective upon the issuance of the Senior Notes, amounts borrowed under the 2016 Credit Agreement, including under the 2016 Revolving Credit Facility, ceased to be collateralized and are now only guaranteed by Broadcom, the Partnership, and BC Luxembourg S.à r.l., an indirect subsidiary of Broadcom.

Dividends/Distributions

The following table summarizes dividends paid by Broadcom for the periods presented (in millions, except per share data):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Cash dividends paid per ordinary share	$1.02	$ 0.50	$3.06	$ 1.43
Cash dividends paid to ordinary shareholders	$415	$ 199	$1,237	$ 514

The following table summarizes distributions by the Partnership for the periods presented (in millions, except per Partnership REU):

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Cash distributions paid to General Partner	$415	$ 199	$1,237	$ 392
Cash distributions paid per Partnership REU	$1.02	$ 0.50	$3.06	$ 0.99
Cash distributions paid to Limited Partners	$23	$ 12	$69	$ 23

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Three Fiscal Quarters Ended	
	July 30, 2017	July 31, 2016
	(In millions)	
Net cash provided by operating activities	$4,592	$2,059
Net cash used in investing activities	(1,070)	(9,866)
Net cash provided by (used in) financing activities	(1,370)	7,946
Net change in cash and cash equivalents	$2,152	$139

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Operating Activities

Cash provided by operating activities represents net income (loss) adjusted for certain non-cash items and changes in assets and liabilities. The $2,533 million increase in cash provided by operations during the three fiscal quarters ended July 30, 2017, compared to the three fiscal quarters ended July 31, 2016, was due to the impact of net income and adjustments to net income for non-cash items, offset by changes in assets and liabilities. The adjustments to net income for non-cash items were higher, compared to the three fiscal quarters ended July 31, 2016, primarily due to increased depreciation and amortization, changes in deferred taxes and other non-cash taxes, increased share-based compensation due to the full year-to-date impact of the Broadcom Merger in fiscal year 2017 and an increase in the non-cash portion of the debt extinguishment loss resulting from the repayment of our term loans outstanding under our 2016 Credit Agreement, partially offset by a decrease in non-cash restructuring, impairment and disposal charges.

Investing Activities

Cash used in investing activities consisted primarily of cash used for acquisitions, capital expenditures and investments, offset by proceeds from divestitures. The change in investing cash flows for the three fiscal quarters ended July 30, 2017 compared to the three fiscal quarters ended July 31, 2016 primarily related to a $10,015 million decrease in acquisitions of businesses, a $688 million decrease in proceeds received from sales of businesses, a $306 million increase in purchases of property, plant and equipment and a $142 million increase in purchases of investments.

Financing Activities

Broadcom

Cash provided by (used in) financing activities consisted primarily of the proceeds received from the issuance and sale of the Senior Notes, proceeds and repayment of term loan borrowings, payment of assumed debt, dividend payments by Broadcom, cash distributions by the Partnership, the issuance of ordinary shares pursuant to our employee equity incentive plans and payments of debt issuance costs. The change in financing cash flows for the three fiscal quarters ended July 30, 2017 compared to the three fiscal quarters ended July 31, 2016 was primarily due to the decrease of $8,424 million in net proceeds and payments related to our long-term debt and a $769 million increase in dividend and distribution payments.

The Partnership

Cash used in financing activities for the Partnership is materially the same as discussed for Broadcom above. The differences are due to capital transactions with the General Partner, which are a result of the capital contributions from Broadcom to the Partnership.

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Indebtedness

See “Note 6. Borrowings” included in Part I, Item 1 of this Form 10-Q.

Contractual Commitments

See “Note 12. Commitments and Contingencies” in Part I, Item 1 of this Form 10-Q.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at July 30, 2017 as defined in Item 303(a)(4)(ii) of Regulation S-K under the Exchange Act.

Indemnifications

See “Note 12. Commitments and Contingencies” in Part I, Item 1 of this Form 10-Q.

Accounting Changes and Recent Accounting Standards

For a description of accounting changes and recent accounting standards, including the expected dates of adoption and estimated effects, if any, in our condensed consolidated financial statements, see “Note 1. Overview, Basis of Presentation and Significant Accounting Policies” in Part I, Item 1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in market risk from the information presented in Part II, Item 7A. “Quantitative and Qualitative Disclosures About Market Risk,” in our 2016 Annual Report on Form 10-K other than those noted below.

Interest Rate Risk

Our Senior Notes bear interest at fixed rates, and therefore are not subject to interest rate fluctuation risk. The foregoing does not include the effects of any debt we may incur in connection with the Brocade Acquisition, or any amounts we may borrow under the 2016 Revolving Credit Facility.

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Item 4. Controls and Procedures
Broadcom Limited

(a) Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, evaluated the effectiveness of our disclosure controls and procedures as of July 30, 2017. We maintain disclosure controls and procedures that are intended to ensure that the information required to be disclosed in our Exchange Act filings is properly and timely recorded, processed, summarized and reported. These disclosure controls and procedures are also intended to ensure that information is accumulated and communicated to management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures. Based on this evaluation, our CEO and CFO concluded that, as of July 30, 2017, our disclosure controls and procedures were effective at the reasonable assurance level.

In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

(b) Changes in Internal Control over Financial Reporting. There was no change 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 that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Broadcom Cayman L.P.

(a) Evaluation of Disclosure Controls and Procedures. An evaluation was conducted under the supervision and with the participation of the management of Broadcom, as General Partner, including the CEO and CFO of Broadcom as authorized representatives in its capacity as the General Partner of the Partnership, of the effectiveness of the Partnership's disclosure controls and procedures as of July 30, 2017. We maintain disclosure controls and procedures that are intended to ensure that the information required to be disclosed in our Exchange Act filings is properly and timely recorded, processed, summarized and reported. These disclosure controls and procedures are also intended to ensure that information is accumulated and communicated to the management of Broadcom, as General Partner, including the CEO and CFO of Broadcom, as appropriate to allow timely decisions regarding required disclosures. Based on this evaluation, the management of Broadcom, as General Partner, including the CEO and CFO concluded that, as of July 30, 2017, our disclosure controls and procedures were effective at the reasonable assurance level.

In designing and evaluating our disclosure controls and procedures, the management of General Partner recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their desired control objectives, and the management of General Partner is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

(b) Changes in Internal Control over Financial Reporting. There was no change 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 that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth under "Note 12. Commitments and Contingencies" included in Part I, Item 1 of this Form 10-Q, is incorporated herein by reference. For an additional discussion of certain risks associated with legal proceedings, see "Risk Factors" immediately below.

Item 1A. Risk Factors

Our business, operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our ordinary shares. We review and, where applicable, update our risk factors each quarter. The description set forth below supersedes the description of the risk factors previously disclosed in Part I, Item 1A of our 2016 Annual Report on Form 10-K. The following important factors, among others, could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements.

Risks Related to Our Business

The majority of our sales come from a small number of customers and a reduction in demand or loss of one or more of our significant customers may adversely affect our business.

We are dependent on a small number of direct customers, OEMs, their respective contract manufacturers, and certain distributors for a majority of our business, revenue and results of operations. For the three fiscal quarters ended July 30, 2017, our top 10 direct customers, which included five distributors, collectively accounted for 55% of our net revenue, of which direct sales to Foxconn accounted for 14%. We also believe our aggregate sales to Apple, Inc. when our direct sales to it are combined with our sales to the contract manufacturers that it utilizes (which include Foxconn), accounted for nearly 20% of our net revenue for the fiscal quarter ended July 30, 2017 and more than 15% of our net revenue for the three fiscal quarters ended July 30, 2017. This customer concentration increases the risk of quarterly fluctuations in our operating results and our sensitivity to any material, adverse developments experienced by our significant customers.

In addition, our top customers' purchasing power has, in some cases, given them the ability to make greater demands on us with regard to pricing and contractual terms in general. We expect this trend to continue, which may adversely affect our gross margin on certain products and, should we fail to comply with such terms, might also result in substantial liability that could harm our business, financial condition and results of operations.

Moreover, the terms and conditions under which we do business with most of our customers generally do not include commitments by those customers to purchase any specific quantities of products from us. Even in those instances where we enter into an arrangement under which a customer agrees to source an agreed portion of its product needs from us (provided that we are able to meet specified development, supply and quality commitments), the arrangement often includes pricing schedules or methodologies that apply regardless of volume of products purchased, and those customers may not purchase the amount of product we expect. As a result, we may not generate the amount of revenue or the level of profitability we expect under such arrangements. If we do not perform under these arrangements, we could also be liable for significant monetary damages. In addition, we are selling an increasing amount of our products through an increasingly limited number of distributors, which increases our customer concentration risk and magnifies the related credit risks.

The loss of, or any substantial reduction in sales to, any of our major direct or end-customers could have a material adverse effect on our business, financial condition and results of operations and cash flows.

Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market, damage our reputation and adversely affect our results of operations.

We operate a primarily outsourced manufacturing business model that principally utilizes third-party wafer foundry and module assembly and test capabilities, referred to as contract manufacturers. Our products require semiconductor wafer manufacturers with state-of-the-art fabrication equipment and techniques, and most of our products are designed to be manufactured in a specific process, typically at one particular fab or foundry, either our own or with a particular contract manufacturer.

We depend on our contract manufacturers to allocate sufficient manufacturing capacity to meet our needs, to produce products of acceptable quality at acceptable yields, and to deliver those products to us on a timely basis. Although we often have long-term contracts with our contract manufacturers, we do not generally have long-term capacity commitments. We obtain substantially all of our manufacturing services on a purchase order basis and our contract manufacturers have no obligation to provide us with any specified minimum quantities of product. Further, from time to time our contract manufacturers will cease to, or will become unable to, manufacture a component for us. As the lead time needed to identify,

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qualify and establish reliable production, at acceptable yields, with a new contract manufacturer is typically lengthy, there is often no readily available alternative source for the wafers or other contract manufacturing services we require. In addition, qualifying such manufacturers is often expensive, and they may not produce as cost-effectively as our current suppliers, which would reduce our margins. In such circumstances, we may be unable to meet our customer demand and may fail to meet our contractual obligations. This could result in the payment of significant damages by us to our customers, and our net revenue could decline, adversely affecting our business, financial condition and results of operations.

We utilize Taiwan Semiconductor Manufacturing Company Limited, or TSMC, to produce the substantial majority of our semiconductor wafers. TSMC manufactured approximately three-quarters of the wafers manufactured by our contract manufacturers during the three fiscal quarters ended July 30, 2017. Our wafer requirements represent a significant portion of the total production capacity of TSMC. However, TSMC also fabricates wafers for other companies, including certain of our competitors, and could choose to prioritize capacity for other users or reduce or eliminate deliveries to us on short notice, or raise their prices to us, all of which could harm our business, results of operations and gross margin.

Any substantial disruption in TSMC’s supply of wafers to us, or in the other contract manufacturing services that we utilize, as a result of a natural disaster, political unrest, economic instability, equipment failure or other cause, could materially harm our business, customer relationships and results of operations.

We also depend on our third-party contract manufacturers to timely develop new, advanced manufacturing processes, including, in the case of wafer fabrication, transitions to smaller geometry process technologies. If these new processes are not timely developed or we do not have sufficient access to them, we may be unable to maintain or increase our manufacturing efficiency to the same extent as our competitors or deliver products to our customers, which could result in loss of revenue opportunities and damage our relationships with our customers.

We purchase a significant amount of the materials used in our products from a limited number of suppliers.

Our manufacturing processes rely on many materials, including silicon, gallium arsenide and indium phosphide wafers, copper lead frames, precious and rare earth metals, mold compound, ceramic packages and various chemicals and gases. We purchase a significant portion of our semiconductor materials and finished goods used in our products from a few materials providers, some of which are single source suppliers. During the three fiscal quarters ended July 30, 2017, we purchased approximately two-thirds of the materials for our manufacturing processes from five materials providers. Substantially all of our purchases are on a purchase order basis, and we do not generally have long-term contracts with our materials providers. Suppliers may extend lead times, limit supplies or increase prices due to commodity price increases, capacity constraints or other factors, which may lead to interruption of supply or increased demand in the industry. In the event that we cannot timely obtain sufficient quantities of materials or at reasonable prices, the quality of the material deteriorates or we are not able to pass on higher materials or energy costs to our customers, our business, financial condition and results of operations could be adversely impacted.

We may pursue acquisitions, investments, joint ventures and dispositions, which could adversely affect our results of operations.

Our growth strategy includes the acquisition of, and investment in, businesses that offer complementary products, services and technologies, augment our market coverage, or enhance our technological capabilities, such as the pending Brocade Acquisition. We may also enter into strategic alliances or joint ventures to achieve these goals. We may not be able to identify suitable acquisition, investment, alliance, or joint venture opportunities, or to consummate any such transactions. In addition, our original estimates and assumptions used in assessing any transaction that we make may be inaccurate and we may not realize the expected financial or strategic benefits of any such transaction, including the pending acquisition of Brocade.

Any acquisitions we may undertake, including the pending Brocade Acquisition, involve risks and uncertainties. For example, regulatory approvals required in connection with an acquisition, such as those from the Federal Trade Commission or the Committee on Foreign Investment in the United States, may take longer than anticipated to obtain, may not be obtained at all or may contain materially burdensome conditions. If any conditions or changes to the structure of an acquisition are required to obtain these regulatory approvals, they may have the effect of jeopardizing or delaying completion of such acquisition or reducing our anticipated benefits of the transaction. If we agree to any material conditions in order to obtain any such approvals or if we fail to comply with any such conditions, our business and results of operations may be adversely affected. If we fail to complete an acquisition our share price could fall to the extent the price reflects an assumption that such acquisition will be completed, and we may have incurred significant unrecoverable costs. Further, the failure to consummate an acquisition may result in negative publicity and negatively impact our relationships with our customers, vendors and employees. We may become subject to legal proceedings relating to the acquisition and the integration of acquired businesses may not be successful. The integration of an acquired business involves significant challenges, including, among others: minimizing the disruption of our business, diversion of management's attention from daily operations and integrating the

personnel of acquired businesses; incurring significant restructuring charges and amortization expense, assuming liabilities and ongoing lawsuits, potential impairment of acquired goodwill and other intangible assets, and increasing our expenses and working capital requirements; and implementing our management information systems, operating systems and internal controls over the acquired operations. These difficulties may be complicated by factors such as the size of the business or entity acquired, geographic distances and cultural differences, lack of experience operating in the geographic markets or industry sectors of the acquired business, potential loss of key employees and customers, the potential for deficiencies in internal controls at the acquired or combined business, performance problems with the acquired business' technology, exposure to unanticipated liabilities of the acquired business, insufficient revenue to offset increased expenses associated with the acquisition, adverse tax consequences and our potential inability to achieve the growth prospects or synergies expected from any such acquisition.
Failure to manage and successfully integrate the acquisitions we make, or to improve margins of the acquired businesses and products, could materially harm our business, operating results and margins.
Any future acquisitions we make may require significant additional debt or equity financing, which, in the case of debt financing, would increase our leverage and potentially affect our credit ratings, and in the case of an equity or equity-linked financing, would be dilutive to our existing shareholders. Any downgrades in our credit ratings associated with an acquisition could adversely affect our ability to borrow by resulting in more restrictive borrowing terms. As a result, we also may be unable to complete acquisitions or other strategic transactions in the future to the same extent as in the past, or at all. These and other factors could harm our ability to achieve anticipated levels of profitability of acquired businesses or realize other anticipated benefits of an acquisition, and could adversely affect our business, financial condition and results of operations.
From time to time, we may also seek to divest or wind down portions of our business, both acquired or otherwise, that are not strategically important, such as the portions of the Brocade business that we do not intend to retain, or we may exit minority investments, each of which could materially affect our cash flows and results of operations. Under the Brocade Agreement, Brocade has agreed to cooperate with us to facilitate the sale, disposition or other transfer of its IP Networking business, including its acquired Ruckus Wireless business. The disposition of the Brocade IP Networking business or any other future dispositions we make may involve risks and uncertainties, including our ability to sell these businesses on terms acceptable to us, or at all. Although we have entered into agreements with third parties to sell portions of the Brocade IP Networking business, including the Ruckus Wireless and ICX Switching businesses, and the data center portion of Brocade's IP Networking business following the completion of the Brocade Acquisition, there can be no assurance that these or other dispositions will occur in a timely manner, or at all. In addition, any such dispositions could result in disruption to other parts of our business, potential loss of employees or customers, exposure to unanticipated liabilities or result in ongoing obligations and liabilities to us following any such dispositions. For example, in connection with such dispositions, we often enter into transition services agreements or other strategic relationships, including long-term research and development arrangements, sales arrangements or agree to provide certain indemnities to the purchaser in any such transaction, which may result in additional expense and may adversely affect our financial condition and results of operations. In addition, dispositions may include the transfer of technology and/or the licensing of certain IP rights to third-party purchasers, which could limit our ability to assert our IP rights against such third-party purchasers.
Failure to adjust our manufacturing and supply chain to accurately meet customers demand could adversely affect our results of operations.
We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, levels of reliance on contract manufacturing and outsourcing, internal fab capacity and other resource requirements, based on our estimates of customer requirements. Factors that can impact our ability to accurately estimate future customer requirements include the short-term nature of many customers' commitments, our customers' ability to reschedule, cancel and modify orders with little or no notice and without significant penalty, the accuracy of our customers' forecasts and the possibility of rapid changes in demand for our customers' products, as well as seasonal or cyclical trends in their industries or the semiconductor industry.
To ensure availability of our products, particularly for our largest customers, we typically start manufacturing our relevant products based on our customers' forecasts, which are not binding. As a result, we incur inventory and

manufacturing costs in advance of anticipated sales that may never materialize or which may be substantially lower than expected. If actual demand for our products is lower than forecast, we may also experience higher inventory carrying and operating costs and product obsolescence. Because certain of our sales, research and development, and internal manufacturing overhead expenses are relatively fixed, a reduction in customer demand may also decrease our gross margin and operating income.

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Conversely, customers often require rapid increases in production on short notice. We may be unable to secure sufficient materials or contract manufacturing capacity to meet such increases in demand. This could damage our customer relationships, reduce revenue growth and margins, subject us to additional liabilities, harm our reputation, and prevent us from taking advantage of opportunities.

We are dependent on a limited number of markets, and dynamics in these markets could negatively impact our business or results of operations.

We operate in a limited number of markets. If demand in these markets declines or grows at a significantly slower pace than expected, our results may be adversely affected. The success of our wired infrastructure segment is primarily dependent on information technology, or IT, and data center spending, which can vary dramatically from quarter to quarter, consumer demand for traditional pay-TV services, capital expenditures on the installation of broadband capacity and our ability to transition our products to increasingly smaller line width geometries. Our wireless communications segment is primarily dependent on the mobile handset market, which is characterized by intense competition, rapidly evolving technologies and changing consumer preferences, and our success is dependent on the overall demand for mobile handsets and macroeconomic conditions in general, as well as the relative success of the mobile handsets into which our products are incorporated.

Similar to our wired infrastructure segment, our enterprise storage segment is dependent on data center spending, as well as HDD-related sales. In addition, the shift to cloud-based IT solutions and services, such as hyperscale computing, may adversely affect both our wired infrastructure and enterprise storage segments. We currently sell a substantial portion of our products for use in traditional enterprise data centers. As cloud-based IT solutions become more prevalent, our results of operations will suffer if we are unable to increase sales of our products to cloud-based data center providers.

We are subject to risks associated with our distributors, including product inventory levels and product sell-through.

We sell many of our products through distributors who maintain their own inventory of our products for sale to dealers and end-customers. Sales to distributors accounted for 29% of our net revenue in the three fiscal quarters ended July 30, 2017. If our distributors are unable to sell an adequate amount of their inventory of our products in a given quarter or if they decide to decrease their inventories for any reason, our sales to these distributors and our revenue may decline. We also face the risk that our distributors may increase inventory levels of our products in any particular quarter in excess of future anticipated sales. If such sales do not occur in the time frame anticipated by these distributors for any reason, these distributors may substantially decrease the amount of product they order from us in subsequent periods until their inventory levels realign with end-customer demand, which would harm our business and could adversely affect our revenue in such subsequent periods. We have streamlined the number of distributors we use, making us increasingly dependent on our remaining distributors, which may exacerbate the foregoing risks and increase our related credit risk.

We limit distributor return rights and we allow limited price adjustments on sales to distributors. Price adjustments may be effected by way of credits for future product or by cash payments to the distributor, either in arrears or in advance, using estimates based on historical transactions. These programs may require us to deploy a substantial amount of cash to fund them. As of July 30, 2017, we had an aggregate of approximately $145 million on deposit with various distributors to fund these programs. The timing and mix of payments and credits associated with such price adjustments could change over time, which could adversely affect our cash flows.

We do not always have a direct relationship with the end-customers of our products sold through distributors. As a result, our products may be used in applications for which they were not necessarily designed or tested, including, for example, medical devices, and they may not perform as anticipated in such applications. In such event, failure of even a small number of parts could result in significant liabilities to us, damage our reputation and harm our business and results of operations.

Our operating results are subject to substantial quarterly and annual fluctuations.

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 annual basis and are due to a number of factors, many of which are beyond our control. These factors include, among others:

- customer concentration and the gain or loss of significant customers;

- the timing of launches by our customers of new products, such as mobile handsets, in which our products are included and changes in end-user demand for the products manufactured and sold by our customers;
- changes in our product mix or customer mix and their effect on our gross margin;
- the timing of receipt, reduction or cancellation of significant orders by customers;
- fluctuations in the levels of component inventories held by our customers;

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- utilization of our internal manufacturing facilities and fluctuations in manufacturing yields;
- our ability to successfully and timely integrate, and realize the benefits of acquisitions we may make and the timing of acquisitions or dispositions of, or making and exiting investments in, other entities, businesses or technologies;
- changes in our tax incentive arrangements or structure, which may adversely affect our net tax expense and our cash flow in any quarter in which such an event occurs;
- our ability to develop, introduce and market new products and technologies on a timely basis;
- the timing and extent of our non-product revenue, such as product development revenue and royalty and other payments from IP sales and licensing arrangements;
- new product announcements and introductions by us or our competitors;
- seasonality or other fluctuations in our markets;
- fluctuations in currency exchange rates;
- timing and amount of research and development and related new product expenditures, and the timing of receipt of any research and development grant monies;
- significant warranty claims, including those not covered by our suppliers or our insurers;
- availability and cost of raw materials and components from our suppliers;
- IP disputes and associated litigation expense;
- loss of key personnel or the shortage of available skilled workers; and
- the effects of competitive pricing pressures, including decreases in average selling prices of our products.

The foregoing factors are often difficult to predict, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results. In addition, a significant amount of our operating expenses are relatively fixed in nature due to our significant sales, research and development and internal manufacturing overhead costs. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify the adverse impact of such revenue shortfall on our results of operations. As a result, we believe that quarter-to-quarter comparisons of our revenue and operating results may not be meaningful or a reliable indicator of our future performance. If our operating results in one or more future quarters fail to meet the expectations of securities analysts or investors, an immediate and significant decline in the trading price of our ordinary shares may occur.

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, and in particular, the services of Mr. Hock E. Tan, our President and Chief Executive Officer. Although we sometimes provide certain retention-based incentives to certain executives, none of our senior management is bound by written employment contracts to remain with us for a specified period. In addition, we do not currently maintain key person life insurance covering our senior management. The loss of any of our senior management could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate.

If we are unable to attract 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. We also seek to acquire talented engineering and technical personnel through acquisitions we may make from time to time or otherwise. We have historically encountered some difficulties in hiring and retaining qualified engineers, particularly in Silicon Valley and Southeast Asia where qualified engineers are in high demand. In addition, our employees, including employees whom we have retained as a result of an acquisition, may decide not to continue working for us and may leave with little or no notice. As the source of our technological and product innovations, our design and technical personnel represent a significant asset. Any inability to retain, attract or motivate such personnel could have a material adverse effect on our business, financial condition and results of operations.

Winning business is subject to lengthy, competitive selection processes that often require us to incur significant expense, from which we may ultimately generate no revenue.

Our business is dependent on us winning competitive bid selection processes, known as “design wins”. These selection processes are typically lengthy and can require us to dedicate significant development expenditures and scarce engineering resources in pursuit of a single customer opportunity. Failure to obtain a particular design win may prevent us from obtaining

design wins in subsequent generations of a particular product. This can result in lost revenue and could weaken our position in future competitive selection processes.

Winning a product design does not guarantee sales to a customer or that we will realize as much revenue, if any, as anticipated. A delay or cancellation of a customer's plans could materially and adversely affect our financial results, as we incur significant expense in the design process and may generate little or no revenue from it. In addition, the timing of design wins is unpredictable and implementing production for a major design win, or multiple design wins occurring at the same time, may strain our resources and those of our contract manufacturers. In such event, we may be forced to dedicate significant additional resources and incur additional, unanticipated costs and expenses. Often customers will only purchase limited numbers of evaluation units from us until they qualify the products and/or the manufacturing line for those products. The qualification process can take significant time and resources and we may not always be able to satisfy customers' qualification requirements. Delays in qualification or failure to qualify our products may cause a customer to discontinue use of our products and result in a significant loss of revenue. Finally, customers could choose at any time to stop using our products or may fail to successfully market and sell their products, which could reduce demand for our products, and cause us to hold excess inventory, materially adversely affecting our business, financial condition and results of operations. These risks are exacerbated by the fact that many of our products, and the end products into which our products are incorporated, often have very short life cycles.

Competition in our industry could prevent us from growing our revenue.

The global semiconductor market is highly competitive. We expect competition in the markets in which we participate to continue to increase as existing competitors improve or expand their product offerings. Competition may further increase as companies not currently in direct competition with us may introduce competing products in the future. In addition, the competitive landscape is changing as a result of a trend toward consolidation within the industry, as some of our direct competitors have merged with or been acquired by other competitors while others have begun collaborating with each other. We expect this consolidation trend to continue.

Some of our competitors may have greater resources for manufacturing, distribution, financial, research and development or marketing resources than us. In addition, some of our competitors may also have a greater presence in key markets, a larger customer base or more comprehensive patent protection than us. We compete with integrated device manufacturers and fabless semiconductor companies as well as the internal resources of large, integrated OEMs. Our competitors range from large, international companies offering a wide range of semiconductor products to smaller companies specializing in niche markets and new technologies. Because our products are often building block semiconductors, providing functions that in some cases can be integrated into more complex integrated circuits, or ICs, we also face competition from manufacturers of ICs, as well as customers that may develop their own IC products.

If we are unable to compete successfully, we may lose market share for our products or incur significant reduction in our project margins, any of which could have a material adverse effect on our business and results of operations.

A prolonged disruption of our manufacturing facilities, research and development facilities or other significant operations, or those of our suppliers, could have a material adverse effect on our business, financial condition and results of operations.

Although we operate a primarily outsourced manufacturing business model, we also rely on our own manufacturing facilities, in particular in Fort Collins, Colorado, Singapore, and Breinigsville, Pennsylvania. We use these internal manufacturing facilities for products utilizing our innovative materials and proprietary processes, to protect our IP, to develop the technology for manufacturing and to ensure supply of certain components. Our Fort Collins and Breinigsville facilities are the sole sources for the film bulk acoustic resonator components used in many of our wireless devices and for the indium phosphide-based wafers used in our fibre optics products, respectively. Many of our facilities, and those of our contract manufacturers and suppliers, are located in California and the Pacific Rim region, which has above average seismic activity and severe weather activity. In addition, our research and development personnel are primarily concentrated in China, India, Israel, Malaysia, Singapore, South Korea, Taiwan, Fort Collins, Colorado, San Jose, California, Southern California and Breinigsville and Allentown, Pennsylvania, with the expertise of the personnel at each such location tending to be focused on one or two specific areas.

A prolonged disruption at one or more of our manufacturing or research facilities for any reason, especially our Fort Collins, Singapore and Breinigsville facilities, or those of our contract manufacturers or suppliers, due to natural- or man-made disasters or other events outside of our control, such as equipment malfunction, widespread outbreaks of acute illness or the failure to maintain our labor force at one or more of these facilities, would limit our capacity to meet customer demands and delay new product development until a replacement facility and equipment, if necessary, were found. Any such event would likely disrupt our operations, delay production, shipments and revenue, result in us being unable to timely satisfy customer demand, expose us to claims by our customers resulting in significant expense to repair or replace our affected facilities, and in some instances could significantly curtail our research and development efforts in a particular product area or target market. As a result, we could forgo revenue opportunities, potentially lose market share, damage our customer relationships and be subject to litigation and additional liabilities, all of which could materially and adversely affect our business. Although we purchase insurance to mitigate certain losses, such insurance often carries a high deductible amount and any such uninsured losses could negatively affect our operating results. In addition, even if we were able to promptly resume production of our affected products, if our customers cannot timely resume their own manufacturing following such an event, they may cancel or scale back their orders from us and this may in turn adversely affect our results of operations. Such events could also result in increased fixed costs relative to the revenue we generate and adversely affect our results of operations.

We may be unable to maintain appropriate manufacturing capacity at our own manufacturing facilities, which could adversely affect our relationships with our customers, our financial results and business condition.

We must maintain appropriate capacity at our own manufacturing facilities to meet anticipated customer demand for our proprietary products. From time to time, this requires us to invest in expansion or improvements of those facilities, which often involves substantial cost and other risks, such as delays in completion. Such expanded manufacturing capacity may still be insufficient, or may not come online soon enough, to meet customer demand and we may have to put customers on product allocation, forego sales or lose customers as a result. Conversely, if we overestimate customer demand, we would experience excess capacity and fixed costs at these facilities, all of which could adversely affect our results of operations.

Adverse global economic conditions could have a negative effect on our business, results of operations and financial condition and liquidity.

Adverse global economic conditions have from time to time caused or exacerbated significant slowdowns in the semiconductor industry generally, as well as in our target markets, which have adversely affected our business and results of operations. In recent periods, investor and customer concerns about the global economic outlook, have adversely affected market and business conditions in general. Macroeconomic weakness and uncertainty also make it more difficult for us to accurately forecast revenue, gross margin and expenses. Sustained uncertainty about, or worsening of, current global economic conditions may cause our customers and consumers to reduce or delay spending, could lead to the insolvency of key suppliers and customers, and could intensify pricing pressures. Any or all of these factors could negatively affect demand for our products and our business, financial condition and result of operations.

Any failure of our IT systems or one or more of our vendors to provide necessary services could have a material adverse effect on our business.

We depend on various IT systems, including networks, applications, internal IT systems and personnel, and outsourced services for, among other things, financial reporting and product orders and shipments. We rely on third-party vendors to provide critical corporate infrastructure services, including certain services related to accounting, billing, shipping, human resources, benefit plan administration, IT network development and network monitoring. While we may be entitled to damages if our vendors fail to perform under their agreements with us, we may be unable to collect on any award of damages and any award may be insufficient to cover the actual costs we may incur as a result of a vendor’s failure to perform under its agreement with us. Upon expiration or termination of any of our third-party vendor agreements we may not be able to timely replace the vendor on terms and conditions, including service levels and cost, that are favorable to us. In addition, a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

Any failure of these internal or third-party systems and services to operate effectively could disrupt our operations and could have a material adverse effect on our business, financial condition and results of operations by harming our ability to accurately forecast sales demand, manage our supply chain and production facilities, fulfill customer orders, and report financial and management information on a timely and accurate basis.

Our gross margin is dependent on a number of factors, including our product mix, price erosion, acquisitions we may make, level of capacity utilization and commodity prices.

Our gross margin is highly dependent on product mix, which is susceptible to seasonal and other fluctuations in our markets. A shift in sales mix away from our higher margin products, as well as the timing and amount of our non-product and IP-related revenue, could adversely affect our future gross margin percentages. Although our non-product revenue is generally high margin, it fluctuates significantly from quarter to quarter. In addition, increased competition and the existence of product alternatives, more complex engineering requirements, lower demand, reductions in our technological lead, compared to our competitors, and other factors may lead to further price erosion, lower revenue and lower margin for us in the future.

Our gross margin may also be adversely affected by expenses related to the acquisitions of businesses, such as amortization of intangible assets and restructuring and impairment charges. Furthermore, businesses or companies that we acquire may have different gross margin profiles than us and could, therefore, also affect our overall gross margin.

In addition, semiconductor manufacturing requires significant capital investment, leading to high fixed costs, including depreciation expense. If we are unable to utilize our owned internal manufacturing facilities at a high level, the fixed costs associated with these facilities, such as depreciation expense, will not be fully absorbed, resulting in higher average unit costs and a lower gross margin. Furthermore, fluctuations in commodity prices, either directly in the price of the raw materials we buy, or as a result of price increases passed on to us by our suppliers, could negatively impact our margins. We do not hedge our exposure to commodity prices, some of which (including gold and fuel prices) are very volatile, and sudden or prolonged increases in commodities prices may adversely affect our gross margin.

If the tax incentive or tax holiday arrangements we have negotiated in Singapore and other jurisdictions change or cease to be in effect or applicable, in part or in whole, for any reason, or if our assumptions and interpretations regarding tax laws and incentive or holiday arrangements prove to be incorrect, the amount of corporate income taxes we have to pay could significantly increase.

Our operations are currently structured to benefit from the various tax incentives and tax holidays extended to us in various jurisdictions to encourage investment or employment. For example, we have obtained tax incentives from the Singapore Economic Development Board, an agency of the Government of Singapore, which provide that qualifying income we earn in Singapore is subject to tax holiday or reduced rates of Singapore income tax. In order to retain these tax benefits in Singapore, we must meet certain operating conditions specific to each incentive, including maintenance of a corporate headquarters function and specified IP and related activities in Singapore. Subject to our compliance with these conditions and legislative developments, the Singapore tax incentives are presently scheduled to expire at various dates generally between 2020 and 2021, subject in certain cases to potential extensions, which we may or may not be able to obtain, and any subsequent changes in incentive scope. Singapore has announced that its current IP pioneer incentive, from which we benefit, will now terminate in 2021, earlier than our originally scheduled expiration date in 2025. A new Singapore IP incentive is expected to be made available in its place, but it is not yet clear what its terms will be or whether we would qualify for it. While our objective is to substantially offset the effects of the early termination of the existing IP pioneer incentive in 2021, either through the new Singapore IP incentive or otherwise, we cannot assure you that we will be able to do so. Our current IP pioneer incentive represents the substantial majority of the overall provision for income taxes provided by all such incentives from which we benefit. Absent these tax incentives, the corporate income tax rate that would otherwise apply to our Singapore taxable income would be 17%. We also have tax holidays on our qualifying income in Malaysia, which are scheduled to expire between 2018 and 2028. The tax incentives and tax holidays that we have obtained are also subject to our compliance with various operating and other conditions and may, in some instances, be amended or terminated prior to their scheduled termination date by the relevant governmental authority. If we cannot, or elect not to, comply with the operating conditions included in any particular tax incentive or tax holiday, we could, in some instances, be required to refund previously realized material tax benefits, or if such tax incentive or tax holiday is terminated prior to its expiration absent a new incentive applying, we will lose the related tax benefits earlier than scheduled. Depending on the incentive at issue, we could also be required to modify our operational structure and tax strategy, which may not be as beneficial to us as the benefits provided under the present tax concession arrangements. The effect of all these tax incentives and tax holidays, in the aggregate, was to reduce the overall provision for income taxes by approximately $169 million, $207 million and $99 million, for fiscal years 2016, 2015 and 2014, respectively, reduce diluted net loss per share by $0.44 for fiscal year 2016 and increase diluted net income per share by $0.74 and $0.37 for fiscal years 2015 and 2014, respectively.

Our interpretations and conclusions regarding the tax incentives are not binding on any taxing authority, and if our assumptions about tax and other laws are incorrect or if these tax incentives are substantially modified or rescinded we could suffer material adverse tax and other financial consequences, which would increase our expenses, reduce our profitability and adversely affect our cash flows.

Our effective tax rates and cash taxes payable are affected by reorganizations or restructurings of our businesses or assets, changes in our corporate or debt financing structure, jurisdictional revenue mix, changes in tax regulations or policy and the outcome of tax audits and examinations, which could materially, adversely affect financial results.

We are a Singapore-based multinational company subject to tax in various tax jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions where the ultimate tax determination is uncertain. Additionally, our calculations of income taxes are based on our interpretations of applicable tax laws in the jurisdictions in which we are required to file tax returns.
Our provision for income taxes is subject to volatility and could be adversely affected by numerous factors including:

- reorganization or restructuring of our businesses, tangible and intangible assets, outstanding indebtedness and corporate structure;
- jurisdictional mix of our income and assets, and the resulting tax effects of differing tax rates in different countries;

- changes in the allocation of income and expenses, including adjustments related to changes in our corporate structure, acquisitions or tax law;
- changes in transfer pricing rules or methods of applying these rules;
- changes in tax laws, including in Singapore, changes to the taxation of earnings of foreign subsidiaries, the deductibility of expenses attributable to income and foreign tax credit rules;
- tax effects of increases in non-deductible employee compensation;
- changes in tax accounting rules or principles and in the valuation of deferred tax assets and liabilities;
- outcomes of income tax audits; and
- expiration, lapses or termination of tax credits or incentives.

At the time we completed the Broadcom Merger, in connection with the preliminary allocation of the purchase price, we established a deferred tax liability on our balance sheet. This liability is associated with our potential tax liability arising from our planned integration of BRCM's IP, which was completed in November 2016. This tax liability will become payable as earnings resulting from this integration of IP is distributed over time. In addition, prior to the closing of the Broadcom Merger, our policy was to indefinitely reinvest a portion of our foreign earnings to fund our operations outside Singapore. Effective as of our fiscal quarter ended May 1, 2016, we no longer intend to indefinitely reinvest any of our accumulated and current foreign earnings in our operations outside Singapore. As a result of these events, the amount of our income taxes payable could increase materially and consume an increasing amount of our cash. In addition, our provision for income taxes in future periods is likely to change as a result of the impact of internal restructuring and reorganization, in particular as a result of the Broadcom Merger, which would also affect our overall effective tax rate.

We have also adopted transfer-pricing policies between our affiliated entities. Our policies call for the provision of services, the sale of products, the advance of financing and grant of licenses from one affiliate to another at prices that we believe are negotiated on an arm's length basis. Our taxable income in any jurisdiction is dependent upon acceptance of our operational practices and intercompany transfer pricing by local tax authorities as being on an arm's length basis. Due to inconsistencies in application of the arm's length standard among taxing authorities, as well as lack of adequate treaty-based protection, transfer pricing challenges by tax authorities could, if successful, result in adjustments for prior or future tax years. As a result of these adjustments, we could become subject to higher taxes and our earnings and results of operations would be adversely affected in any period in which such determination is made.

Although we believe our tax estimates are reasonable, there is no assurance that the final determination of our income tax liability will not be materially different than what is reflected in our income tax provisions and accruals. Significant judgment is required to determine the recognition and measurement of tax liabilities prescribed in the relevant accounting guidance for uncertainty in income taxes. The accounting guidance for uncertainty in income taxes applies to all income tax positions, which, if settled unfavorably, could adversely impact our provision for income taxes.

In addition, we are subject to, and are under, tax audit in various jurisdictions, and such jurisdictions may assess additional income tax against us. Although we believe our tax positions are reasonable, the final determination of tax audits could be materially different from our income tax provisions and accruals. The ultimate result of an audit could have a material adverse effect on our results of operations and cash flows in the period or periods for which that determination is made.

The enactment of legislation implementing changes in taxation of international business activities, the adoption of other tax reform policies or changes in tax legislation or policies in Singapore and in jurisdictions outside Singapore could materially impact our financial position and results of operations.

Tax bills are introduced from time to time to reform taxation of international business activities. Corporate tax reform and tax transparency continue to be high priorities in many tax jurisdictions where we have business operations. As a result, policies regarding corporate income and other taxes in numerous jurisdictions are under heightened scrutiny. For example, many countries (including Singapore) are beginning to implement legislation and other guidance to align their international tax rules with the Organisation for Economic Co-operation's Base Erosion and Profit Shifting recommendations and action plan that aim to standardize and modernize global corporate tax policy, including changes to cross-border tax, transfer-pricing documentation rules, and nexus-based tax incentive practices. In addition, in the United States the current administration has indicated that it proposes to make substantial changes to corporate taxation in that country, which may include changes to taxation of the repatriation of non-U.S. income and border adjustment taxes. As a result of the heightened scrutiny of corporate taxation policies, prior decisions by tax authorities regarding treatments and positions of corporate income taxes could be subject to legislative investigation and inquiry, which could also result in changes in tax policies or prior tax rulings. Any such changes in policies or rulings may also result in the taxes we previously paid being subject to change.

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Due to the large scale of our international business activities any substantial changes in international corporate tax policies or legislative initiatives may materially and adversely affect our business, our reputation, the amount of taxes we are required to pay and our financial condition and results of operations generally.

We may be involved in legal proceedings, including IP, anti-trust and securities litigation, and governmental investigations, which could divert efforts of management and result in significant expense and loss of our IP rights.

We are often involved in legal proceedings, including cases involving our IP rights and those of others, anti-trust and commercial matters, merger related suits, putative securities class action suits and other actions. Some of these actions may seek injunctive relief, including injunctions or exclusion orders against the sale of our products and substantial monetary damages, which if granted or awarded could materially harm our business, financial condition and results of operations. From time to time, we may also be involved or required to participate in governmental investigations. Litigation or settlement of such actions, regardless of their merit, or involvement in governmental investigations can be complex, can extend for a protracted period of time, may divert the efforts and attention of our management and technical personnel, is frequently costly and the related expenditures unpredictable. An unfavorable resolution of a governmental investigation may include, among others, fines or other orders to pay money, and/or the issuance of orders to cease certain conduct and/or modify our business practices.

The semiconductor industry is characterized by companies holding large numbers of patents, copyrights, trademarks and trade secrets and by the vigorous pursuit, protection and enforcement of IP rights, including actions by patent-holding companies that do not make or sell products. From time to time, third parties assert against us and our customers and distributors their patent, copyright, trademark, trade secret and other IP rights to technologies that are important to our business.

Many of our customer agreements, and in some cases our asset sale agreements, require us to indemnify our customers or purchasers for third-party IP infringement claims, including costs to defend those claims, and payment of damages in the case of adverse rulings. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. We do not know whether we will prevail in such proceedings, given the complex technical issues and inherent uncertainties in IP litigation. If any pending or 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 and/or make changes to our processes or products;
- pay substantial damages for past, present and future use of the infringing technology;
- expend significant resources to develop non-infringing technology;
- license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;
- enter into cross-licenses with our competitors, which could weaken our overall IP portfolio and our ability to compete in particular product categories;
- indemnify our customers or distributors and/or recall, or accept the return of, infringing products;
- pay substantial damages to our direct or end-customers to discontinue use or replace infringing technology with non-infringing technology; or
- relinquish IP rights associated with one or more of our patent claims, if such claims are held invalid or otherwise unenforceable.

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

In addition, we may be obligated to indemnify our current or former directors or employees, or former directors or employees of companies that we have acquired, in connection with litigation or regulatory investigations. These liabilities could be substantial and may include, among other things, the cost of defending lawsuits against these individuals, as well as stockholder derivative suits; the cost of government, law enforcement or regulatory investigations; civil or criminal fines and penalties; legal and other expenses; and expenses associated with the remedial measure, if any, which may be imposed.

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

Our success depends in part upon protecting our IP. To accomplish this, we rely on a combination of IP rights, including patents, copyrights, trademarks and trade secrets, as well as customary contractual protections with our customers, suppliers,

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employees and consultants. We may be required to spend significant resources to monitor and protect our IP rights, and even with significant expenditures we may not be able to protect our IP rights that are valuable to our business. We are unable to predict or assure that:

- IP rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged, or, in the case of third-party IP rights licensed to us, be licensed to others;
- our IP rights will provide competitive advantages to us;
- rights previously granted by third parties to IP rights licensed or assigned to us, including portfolio cross-licenses, will not hamper our ability to assert our IP rights against potential competitors or hinder the settlement of currently pending or future disputes;
- any of our pending or future patent, trademark or copyright applications will be issued or have the coverage originally sought;
- our IP rights will be enforced in certain jurisdictions where competition may be intense or where legal protection may be weak; or
- we have sufficient IP rights to protect our products or our business.

In addition, our competitors or others may develop products or technologies that are similar or superior to our products or technologies, duplicate our products or technologies or design around our protected technologies. Effective patent, trademark, copyright and trade secret protection may be unavailable or more limited in other jurisdictions, relative to those protections available in the United States, may not be applied for or may be abandoned in one or more relevant jurisdictions. We may elect to abandon or divest patents or otherwise not pursue prosecution of certain pending patent applications, due to strategic concerns or other factors. In addition, when patents expire, we lose the protection and competitive advantages they provided to us.

We also generate some of our revenue from licensing royalty payments and from technology claim settlements relating to certain of our IP. Licensing of our IP rights, particularly exclusive licenses, may limit our ability to assert those IP rights against third parties, including the licensee of those rights. In addition, we may acquire companies having IP that is subject to licensing obligations to other third parties. These licensing obligations may extend to our own IP following any such acquisition and may limit our ability to assert our IP rights. From time to time we pursue litigation to assert our IP rights, including, in some cases, against third parties with whom we have ongoing relationships, such as customers and suppliers. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. Conversely, third parties may pursue IP litigation against us, including as a result of our IP licensing business. An adverse decision in such types of legal action could limit our ability to assert our IP rights and limit the value of our technology, including the loss of opportunities to sell or license our technology to others or to collect royalty payments based upon successful protection and assertion of our IP against others. In addition, such legal actions or adverse decisions could otherwise negatively impact our business, financial condition and results of operations.

From time to time we may need to obtain additional IP licenses or renew existing license agreements. We are unable to predict whether these license agreements can be obtained or renewed on acceptable terms or at all.

We are subject to warranty claims, product recalls and product liability.

From time to time, we may be subject to warranty or product liability claims that have led, and may in the future lead, to significant expense. We may also be exposed to such claims as a result of any acquisition we may undertake in the future. Although we maintain reserves for reasonably estimable liabilities and purchase product liability insurance, our reserves may be inadequate to cover the uninsured portion of such claims. Conversely, in some cases, amounts we reserve may ultimately exceed our actual liability for particular claims and may need to be reversed.

Product liability insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self-insure with respect to certain matters. It is possible for one of our customers to recall a product containing one of our devices. In such an event, we may incur significant costs and expenses, including among others, replacement costs, contract damage claims from our customers and reputational harm. Our customer contracts typically contain warranty and indemnification provisions, and in certain cases may also contain liquidated damages provisions, relating to product quality issues. The potential liabilities associated with such provisions are significant, and in some cases, including in agreements with some of our largest customers, are potentially unlimited. Any such liabilities may greatly exceed any revenue we receive from the relevant products. Costs, payments or damages incurred or paid by us in connection with warranty and product liability claims and product recalls could materially and adversely affect our financial condition and results of operations.

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

Highly complex products, such as those we offer, may contain defects and bugs when they are first introduced or as new versions are released, or their release may be delayed due to unforeseen difficulties during product development. If any of our products, or third-party components used in our products, contain defects or bugs, or have reliability, quality or compatibility problems, we may not be able to successfully design workarounds. Furthermore, if any of these problems are not found until after we have commenced commercial production of a new product, we may be required to incur additional development costs and product recall, repair or replacement costs. 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. To resolve these problems, we may have to invest significant capital and other resources. These problems may also result in claims against us by our customers or others. For example, if a delay in the manufacture and delivery of our products causes the delay of a customer's end-product delivery, we may be required, under the terms of our agreement with that customer, to compensate the customer for the adverse effects of such delays. In addition, these problems may divert our technical and other resources from other development efforts, and we would likely lose, or experience a delay in, market acceptance of the affected product or products. As a result, our financial results could be materially and adversely affected.

We operate in the highly cyclical semiconductor industry, which is subject to significant downturns.

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change and price erosion, evolving technical standards, frequent new product introductions, short product life cycles (for semiconductors and for many of the end products in which they are used) and wide fluctuations in product supply and demand. From time to time, these factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry in general, and in our business in particular. Periods of industry downturns have been characterized by diminished demand for end-user products, high inventory levels and periods of inventory adjustment, under-utilization of manufacturing capacity, changes in revenue mix and accelerated erosion of average selling prices, resulting in an adverse effect on our business, financial condition and results of operations. We expect our business to continue to be subject to cyclical downturns even when overall economic conditions are relatively stable. If we cannot offset industry or market downturns, our net revenue may decline and our financial condition and results of operations may suffer.

We make substantial investments in research and development to enhance existing and develop new technologies to keep pace with technological advances and to remain competitive in our business, and unsuccessful investments could materially adversely affect our business, financial condition and results of operations.

The semiconductor industry is characterized by rapid technological change, changes in customer requirements, frequent new product introductions and enhancements, short product cycles and evolving industry standards, and requires substantial investment in our research and development in order to develop and bring to market new and enhanced technologies and products. In addition, semiconductor products transition over time to increasingly smaller line width geometries. This requires us to adapt our products and manufacturing processes to these new technologies, which requires expertise in new procedures. Our failure to successfully transition to smaller geometry process technologies could impair our competitive position. In order to remain competitive, we have made, and expect to continue to make, significant investments in research and development. We expect the dollar amount of research and development expenses to increase for the foreseeable future, due to the increasing complexity and number of products we plan to develop. If we fail to develop new and enhanced products and technologies, if we focus on technologies that do not become widely adopted, or if new competitive technologies that we do not support, become widely accepted, demand for our products may be reduced. Significant investments in unsuccessful research and development efforts could materially adversely affect our business, financial condition and results of operations. In addition, increased investments in research and development could cause our cost structure to fall out of alignment with demand for our products, which would have a negative impact on our financial results.

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.

A majority of our products are produced and sourced in Asia, including China, India, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand, and we sell our products throughout the world. In addition, as of July 30, 2017, approximately 39% of our employees 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 or geopolitical turmoil, including terrorism, war or political or military coups, or civil disturbances or political instability;

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- restrictive governmental actions, such as restrictions on the transfer or repatriation of funds and foreign investments and trade protection measures, including import/export restrictions, import/export duties and quotas, and customs duties and tariffs, all of which could increase under the current administration in the United States;
- disruptions of capital and trading markets and currency fluctuations, which may result in our products becoming too expensive for foreign customers or foreign-sourced materials and services becoming more expensive for us;
- difficulty in obtaining product distribution and support, and transportation delays;
- public health or safety concerns;
- nationalization of businesses and expropriation of assets; and
- changes in tax laws.

A significant legal risk associated with conducting business internationally is compliance with the various and differing laws and regulations, including anti-corruption and anti-bribery laws and regulations, of the countries in which we do business, antitrust and competition laws, data privacy laws and export regulations. In addition, the anti-corruption laws in various countries are constantly evolving and may, in some cases, conflict with each other. Although our Code of Ethics and Business Conduct and other policies prohibit us and our employees from engaging in unethical business practices, there can be no assurance that all of our employees or agents will refrain from acting in violation of our related anti-corruption policies and procedures. Any such violation could have a material adverse effect on our business.

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

Our business is subject to various international laws and other legal requirements, including packaging, product content, labor and import/export regulations, and many of our products are regulated or sold into regulated industries, such as the U.S. Export Administration Regulations. These laws and regulations are complex, change frequently, have generally become more stringent over time and may intensify under the current U.S. administration. We may be required to incur significant expense to comply with, or to remedy violations of, these regulations. In addition, if our customers fail to comply with these regulations, we may be required to suspend sales to these customers, which could negatively impact our results of operations.

In addition, the manufacture and distribution of our semiconductors must comply with various laws and adapt to changes in regulatory requirements as they occur. For example, if a country in which our products are manufactured or sold sets technical standards that are not widely shared, it may require us to stop distributing our products commercially until they comply with such new standards, lead certain 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, any of which could have a material adverse effect on our business, financial condition and results of operations. If we fail to comply with these requirements, we could also be required to pay civil penalties or face criminal prosecution. In addition, it is expected that the current U.S. administration’s trade policy will promote U.S. manufacturing and manufacturers. It is unclear what effect this will have on us as a multinational company that conducts business world-wide, or on our suppliers, customers, contract manufacturers and OEMs.

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.

We are subject to environmental, health and safety laws, which could increase our costs, restrict our operations and require expenditures that could have a material adverse effect on our results of operations and financial condition.

We are subject to a variety of international laws and regulations relating to the use, disposal, clean-up of and human exposure to, hazardous materials. Compliance with environmental, health and safety requirements could, among other things, require us to modify our manufacturing processes, restrict our ability to expand our facilities, or require us to acquire pollution control equipment, all of which can be very costly. Any failure by us to comply with such requirements could result in the limitation or suspension of the manufacture of our products, and could result in litigation against us and the payment of significant fines and damages by us in the event of a significant adverse judgment. In addition, complying with any cleanup or remediation obligations for which we are or become responsible could be costly and have a material adverse effect on our business, financial condition and results of operations.

Changing requirements relating to the materials composition of our products, including the restrictions on lead and certain other substances in electronics that apply to specified electronics products sold in various countries, including the United States, China, Japan, and in the European Union, increase the complexity and costs of our product design and procurement operations and may require us to re-engineer our products. Such re-engineering may result in excess inventory or other additional costs and could have a material adverse effect on our results of operations. We may also experience claims from employees from time to time with regard to exposure to hazardous materials or other workplace related environmental claims.

Social and environmental responsibility regulations, policies and provisions, as well as customer demand, may make our supply chain more complex and may adversely affect our relationships with customers.

There is an increasing focus on corporate social and environmental responsibility in the semiconductor industry, particularly with OEMs that manufacture consumer electronics. A number of our customers have adopted, or may adopt, procurement policies that include social and environmental responsibility provisions that their suppliers should comply with, or they seek to include such provisions in their procurement terms and conditions. An increasing number of participants in the semiconductor industry are also joining voluntary social responsibility initiatives such as the U.N. Global Compact, a voluntary initiative for businesses to develop, implement and disclose sustainability policies and practices. These social and environmental responsibility provisions and initiatives are subject to change, can be unpredictable, and may be difficult for us to comply with, given the complexity of our supply chain and our significant outsourced manufacturing. If we are unable to comply, or are unable to cause our suppliers or contract manufacturers to comply, with such policies or provisions, a customer may stop purchasing products from us, and may take legal action against us, which could harm our reputation, revenue and results of operations.

In addition, as part of their corporate social and environmental responsibility programs, an increasing number of OEMs are seeking to source products that do not contain minerals sourced from areas where proceeds from the sale of such minerals are likely to be used to fund armed conflicts, such as in the Democratic Republic of Congo. This could adversely affect the sourcing, availability and pricing of minerals used in the manufacture of semiconductor devices, including our products. Since our supply chain is complex, we are not currently able to definitively ascertain the origins of all of these minerals and metals used in our products. As a result, we may face difficulties in satisfying these customers’ demands, which may harm our sales and operating results.

The average selling prices of products in our markets have often decreased rapidly and may do so in the future, which could harm our revenue and gross profit.

The products we develop and sell are used for high volume applications. As a result, the prices of those products have often decreased rapidly. Gross profit on our products may be negatively affected by, among other things, pricing pressures from our customers. In the past, we have reduced the average selling prices of our products in anticipation of future competitive pricing pressures, new product introductions by us or our competitors and other factors. In addition, some of our customer agreements provide for volume-based pricing and product pricing roadmaps, which can also reduce the average selling prices of our products over time. Our margins and financial results will suffer if we are unable to offset any reductions in our average selling prices by increasing our sales volumes, reducing manufacturing costs, or developing new and higher value-added products on a timely basis.

A breach of our security systems may have a material adverse effect on our business.

Our security systems are designed to maintain the physical security of our facilities and protect our customers’, suppliers’ and employees’ confidential information, as well as our own proprietary information. However, we are also dependent on a number of third-party cloud-based and other service providers of critical corporate infrastructure services relating to, among other things, human resources, electronic communication services and certain finance functions, and we are, of necessity, dependent on the security systems of these providers. Accidental or willful security breaches or other unauthorized access by third parties or our employees or contractors of our facilities, our information systems or the systems of our cloud-based or other service providers, or the existence of computer viruses or malware in our or their data or software could expose us to a risk of information loss and misappropriation of proprietary and confidential information, including information relating to our customers and the personal information of our employees. In addition, we have, from time to time, also been subject to unauthorized network intrusions and malware on our own IT networks. Any theft or misuse of confidential, personal or proprietary information as a result of such activities could result in, among other things, unfavorable publicity, damage to our reputation, loss of our trade secrets and other competitive information, difficulty in marketing our products, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for liabilities and damages related to the theft or misuse of such information, as well as fines and other sanctions resulting from any related breaches of data privacy regulations, any of which could have a material adverse effect on our reputation, business, profitability and financial condition. Since the techniques used to obtain unauthorized access or to sabotage systems change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

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We are required to assess our internal control over financial reporting on an annual basis and any adverse findings from such assessment could result in a loss of investor confidence in our financial reports, significant expense to remediate any internal control deficiencies and ultimately have an adverse effect on our share price.

We are required to assess the effectiveness of our internal control over financial reporting annually, as required by Section 404 of the Sarbanes-Oxley Act. Our evaluation of the effectiveness of our internal control over financial reporting as of October 30, 2016 did not include the internal controls of BRCM, which we acquired in February 2016. Even though, as of October 30, 2016, we concluded that our internal control over financial reporting (excluding BRCM) was effective, we need to maintain our processes and systems and adapt them as our business grows and changes, including to reflect our integration of BRCM, as well as any future acquisitions we may undertake, including our pending acquisition of Brocade. This continuous process of maintaining and adapting our internal controls and complying with Section 404 is expensive, time consuming and requires significant management attention. We cannot be certain that our internal control measures will continue to provide adequate control over our financial processes and reporting and ensure compliance with Section 404. Furthermore, as we grow our business or acquire other businesses, our internal controls may become more complex and we may require significantly more resources to ensure they remain effective. Failure to implement required new or improved controls, or difficulties encountered in the implementation of such controls, either in our existing business or in businesses that we have or acquired or may acquire in the future, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify material weaknesses in our internal controls, the disclosure of that fact, even if quickly remedied, may cause investors to lose confidence in our financial statements and the trading price of our ordinary shares may decline.

Remediation of a material weakness could require us to incur significant expenses and if we fail to remedy any material weakness, our financial statements may be inaccurate, our ability to report our financial results on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, the trading price of our ordinary shares may decline, and we may be subject to sanctions or investigation by regulatory authorities, including the SEC or The Nasdaq Global Select Market. We may also be required to restate our financial statements from prior periods.

Our financial condition and results of operations could be adversely affected by employee-benefit related costs and expense.

We sponsor several defined benefit plans and post-retirement medical benefit plans. We are required to make contributions to these plans to comply with minimum funding requirements imposed by laws governing these employee benefit plans. The difference between the obligations and assets of these plans, or the funded status of these plans, is a significant factor in determining our pension expense and the ongoing funding requirements of these plans. The projected benefit obligations under these pension plans exceeded the value of the assets of those plans by approximately $516 million at the end of fiscal year 2016. We expect to have additional funding requirements in future years and we may make additional, voluntary contributions to the plans. Depending on our cash position at the time, any such funding or contributions to our pension plans could impact our operating flexibility and financial position, including adversely affecting our cash flow for the quarter in which they are made.

Furthermore, in order to reduce the expenses associated with these programs, where practicable, we are seeking to move defined benefit plans to defined contribution plans, or to cash out future retirees not yet receiving benefits, and to replace existing pension obligations with annuities. Any such changes may adversely affect our results of operations, including our profitability and cash flows. Weak economic conditions and related under-performance of asset markets could also lead to an increase in post-retirement benefit expense.

The Internal Revenue Service may not agree that Broadcom Limited should be treated as a foreign corporation for U.S. federal income tax purposes.

A corporation is generally considered a tax resident in the jurisdiction of its organization or incorporation for U.S. federal income tax purposes. Because Broadcom is a Singapore entity, it would generally be classified as a foreign corporation (and, therefore, not a U.S. tax resident) under these rules. Even so, the Internal Revenue Service, or IRS, may assert that we should be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal income tax purposes pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended, or the Code.

Under Section 7874 of the Code, if the former shareholders of BRCM hold 80% or more of the vote or value of the ordinary shares of Broadcom, by reason of their former holding of BRCM common shares (the percentage (by vote and value) of our ordinary shares considered to be held (for purposes of Section 7874 of the Code) by former BRCM shareholders immediately after the Broadcom Merger by reason of holding BRCM common shares is referred to in this disclosure as the "Section 7874 Percentage"), and our expanded affiliated group after the Broadcom Transaction does not have substantial business activities in Singapore relative to our worldwide business activities, Broadcom would be treated as a U.S. corporation for U.S. federal income tax purposes. If the Section 7874 Percentage were determined to be at least 60% (but less than 80%),

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Section 7874 of the Code would cause Broadcom to be treated as a "surrogate foreign corporation" if we did not have substantial business activities in Singapore relative to our worldwide business activities.

Under current law, Broadcom should not be treated as a U.S. corporation for U.S. federal income tax purposes. However, determining the Section 7874 Percentage is complex and is subject to factual and legal uncertainties, including that such determination takes into account several factors other than the ratio of ownership of our ordinary shares by former BRCM shareholders following the Broadcom Merger. While we believe the Section 7874 Percentage to be significantly less than 60% (and therefore that Section 7874 should not apply to Broadcom or BRCM), there can be no assurance that the IRS will agree with the position that the Section 7874 Percentage is less than 60%.

If the Section 7874 Percentage were determined to be at least 60% (but less than 80%), several limitations could apply to BRCM. For example, BRCM would be prohibited from using its net operating losses, foreign tax credits or other tax attributes to offset the income or gain recognized by reason of the transfer of property to a foreign related person during the 10-year period following the Broadcom Merger or any income received or accrued during such period by reason of a license of any property by BRCM to a foreign related person. In addition, the IRS has announced that it will promulgate new rules, which, in that situation, may limit the ability to restructure the non-U.S. members of the BRCM tax group or access cash earned in its non-U.S. subsidiaries. Moreover, in such case, Section 4985 of the Code and rules related thereto would impose an excise tax on the value of certain stock compensation held directly or indirectly by certain BRCM "disqualified individuals" (including former officers and directors of BRCM) at a rate equal to 15%, but only if a gain is otherwise recognized by BRCM shareholders as a result of the Broadcom Transaction.

Risks Relating to Our Indebtedness

Our substantial indebtedness could adversely affect our financial health and our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from fulfilling our obligations under our indebtedness.

As of July 30, 2017, our total consolidated indebtedness was $13,689 million and we had approximately $500 million of available borrowing capacity under the 2016 Revolving Credit Facility. These amounts do not reflect any debt financing that we expect to incur in order to allow us to consummate the Brocade Acquisition. Subject to restrictions in the 2016 Credit Agreement and in the indenture governing our Senior Notes, or the Indenture, we have the ability to incur a significant amount of additional indebtedness in the future, in addition to any financing needed for the Brocade Acquisition.

Our substantial indebtedness could have important consequences including:

- increasing our vulnerability to adverse general economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts, execution of our business strategy, acquisitions and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in the economy and the semiconductor industry;
- placing us at a competitive disadvantage compared to our competitors with less indebtedness; and
- making it more difficult to borrow additional funds in the future to fund growth, acquisitions, working capital, capital expenditures and other purposes; and
- exposing us to interest rate risk to the extent we incur any variable rate indebtedness, and we do not typically hedge against changes in interest rates.

In addition, the 2016 Credit Agreement and the Indenture contain customary events of default upon the occurrence of which, after any applicable grace period, the lenders or the noteholders would have the ability to immediately declare the debt due and payable in whole or in part. In such event, we may not have sufficient available cash to repay such debt at the time it becomes due, or be able to refinance such debt on acceptable terms or at all. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We receive debt ratings from the major credit rating agencies in the United States. Factors that may impact our credit ratings include debt levels, planned asset purchases or sales and near-term and long-term production growth opportunities. Liquidity, asset quality, cost structure, reserve mix and commodity pricing levels could also be considered by the rating agencies. The applicable margins on indebtedness incurred under the 2016 Credit Agreement will vary based on the applicable public ratings assigned to the long-term indebtedness for borrowed money of our subsidiary, Broadcom Cayman Finance Limited, or Cayman Finance, by Moody's Investors Service, Inc., Standard & Poor's Financial Services LLC and any successor to each such rating agency business. A ratings downgrade could adversely impact our ability to access debt markets in the future

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and increase the cost of current or future debt. Our failure to continuously have a public corporate credit rating from each of Moody's and Standard & Poor's may result in a covenant default under the 2016 Credit Agreement.

The instruments governing our indebtedness impose significant restrictions on our business.

The 2016 Credit Agreement contains a number of covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business, to plan for, or react to, changes in market conditions or our capital needs and may limit our ability to take advantage of potential business opportunities as they arise. The restrictions placed on us include limitations on the ability of our subsidiaries to:

- incur additional indebtedness and issue preferred or redeemable shares;
- incur or create liens;
- consolidate, merge or transfer all or substantially all of their assets;
- make investments, acquisitions, loans or advances or guarantee indebtedness;
- transfer or sell certain assets;
- pay dividends or make other distributions on, redeem or repurchase shares or make other restricted payments;
- engage in transactions with affiliates; and
- prepay certain other indebtedness.

In addition, the 2016 Credit Agreement requires Broadcom, the Partnership and Cayman Finance to maintain a maximum total leverage ratio. Our ability to meet this financial covenant may be affected by events beyond our control, and we do not know whether we will be able to maintain the required maximum total leverage ratio.

We do not know whether we will be granted waivers under, or amendments to, our 2016 Credit Agreement if for any reason we are unable to meet these requirements, or whether we will be able to refinance our indebtedness on terms acceptable to us, or at all.

In addition, the Indenture places limitations on our ability to incur certain secured debt, enter into certain sale and lease-back transactions and consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on, and to refinance our debt, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to satisfy our obligations under the 2016 Credit Agreement, the Senior Notes and any future indebtedness we may incur and to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our outstanding indebtedness or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms when needed, which could result in a default on our indebtedness.

The trading prices of the Senior Notes may be volatile and can be directly affected by many factors, including our credit rating.

The trading prices of the Senior Notes could be subject to significant fluctuation in response to, among other factors, changes in our operating results, interest rates, the market for debt securities, general economic conditions and securities analysts' recommendations, if any, regarding our securities.

Credit rating agencies continually revise their ratings for companies they follow, including us. Any ratings downgrade could adversely affect the trading prices of the Senior Notes, or the trading market for the Senior Notes. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future and any fluctuation may impact the trading prices of the Senior Notes.

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Risks Relating to Investments in Singapore Companies

It may be difficult to enforce a judgment of U.S. courts for civil liabilities under U.S. federal securities laws against us or our directors in Singapore.

Broadcom is incorporated under the laws of the Republic of Singapore, and certain of our directors are resident outside the United States. Moreover, a majority of our consolidated assets are located outside the United States. Although Broadcom is incorporated outside the United States, we have agreed to accept service of process in the United States through our agent designated for certain purposes. Nevertheless, since a majority of the consolidated assets owned by us are located outside the United States, any judgment obtained in the United States against us may not be collectible within the United States.

There is no ratified treaty between the United States and Singapore providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters and a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would, therefore, not be automatically enforceable in Singapore. There is doubt whether a Singapore court may impose civil liability on Broadcom or our directors and officers who reside in Singapore in a suit brought in the Singapore courts against us or such persons with respect to a violation solely of the federal securities laws of the United States. Consequently, there can be no assurance as to whether Singapore courts will enter judgments in actions brought in Singapore courts based upon the civil liability provisions of the federal securities laws of the United States.

Broadcom is incorporated in Singapore and our shareholders may have more difficulty in protecting their interest than they would as shareholders of a corporation incorporated in the United States, and we may have more difficulty attracting and retaining qualified board members and executives.

Broadcom’s corporate affairs are governed by its Constitution and by the laws governing corporations incorporated in Singapore. The rights of our shareholders and the responsibilities of the members of our Board under Singapore law are different from those applicable to a corporation incorporated in the United States. Therefore, our public shareholders may have more difficulty in protecting their interest in connection with actions taken by our management or members of our Board than they would as shareholders of a corporation incorporated in the United States.

In addition, being a public company incorporated in Singapore may make it more expensive for Broadcom to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our Board, particularly to serve on committees of our Board, and qualified executive officers.

For a limited period of time, our directors have general authority to allot and issue new ordinary shares on such terms and conditions as may be determined by our Board in its sole discretion.

Under Singapore law, we may only allot and issue new ordinary shares with the prior approval of Broadcom’s shareholders in a general meeting. At our 2017 annual general meeting, Broadcom’s shareholders provided our directors with the general authority to allot and issue any number of new ordinary shares, which will continue in force until the earlier of (i) the conclusion of our annual general meeting in 2018, (ii) the expiration of the period within which the next annual general meeting is required by law to be held (i.e., within 15 months after the conclusion of the last general meeting) or (iii) the subsequent revocation or modification of such general authority by our shareholders at a duly convened general meeting. Subject to the general authority to allot and issue new ordinary shares provided by our shareholders, the provisions of the Singapore Companies Act and Broadcom’s Constitution, our Board may allot and issue new ordinary shares on such terms and conditions as they may think fit to impose. Any additional issuances of new ordinary shares by our directors may adversely impact the market price of our ordinary shares.

Risks Relating to Owning Our Ordinary Shares

At times, Broadcom’s share price has been volatile and it may fluctuate substantially in the future, which could result in substantial losses for our investors as well as class action litigation against us and our management which could cause us to incur substantial costs and divert our management’s attention and resources.

The trading price of Broadcom ordinary shares has, at times, fluctuated significantly and could be subject to wide fluctuations in response to many of the risk factors listed in this “Risk Factors” section, and others. Many of these risks are beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- issuance of new or updated research or reports by securities analysts;
- fluctuations in the valuation and results of operations of our significant customers as well as companies perceived by investors to be comparable to us;

- announcements of proposed acquisitions by us or our competitors;
- announcements of, or expectations of additional debt or equity financing efforts;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- issuance of ordinary shares upon exchange of Partnership REUs; and
- changes in our dividend or share repurchase policies.

These fluctuations are often unrelated or disproportionate to our operating performance. 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 ordinary shares. You may not realize any return on your investment in us and may lose some or all of your investment. 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. We are also the subject of a number of lawsuits stemming from our acquisitions of PLX and Emulex, and from our pending acquisition of Brocade. Securities litigation against us, including the lawsuits related to such transactions, could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

A substantial amount of our shares is held by a small number of large investors and significant sales of our ordinary shares in the public market by one or more of these holders could cause our share price to fall.

As of June 30, 2017, we believe that our two largest shareholders, Capital World Investors and Capital Research Global Investors, hold approximately 18% of Broadcom outstanding ordinary shares in the aggregate. These investors may sell their shares at any time for a variety of reasons and such sales could depress the market price of our ordinary shares, given the large amounts of our shares held by these investors. In addition, any such sales of our ordinary shares by these entities could also impair our ability to raise capital through the sale of additional equity securities.

There can be no assurance that we will continue to declare cash dividends.

Our Board has adopted a dividend policy pursuant to which we currently pay a cash dividend on Broadcom ordinary shares on a quarterly basis. The declaration and payment of any dividend is subject to the approval of our Board and our dividend may be discontinued or reduced at any time. There can be no assurance that we will declare cash dividends in the future in any particular amounts, or at all. Furthermore, we may declare dividends as interim dividends, which are wholly provisional under Singapore law and may be revoked by our Board at any time prior to the payment thereof.

Future dividends, if any, and their timing and amount, may be affected by, among other factors: management's views on potential future capital requirements for strategic transactions, including acquisitions; earnings levels; contractual restrictions; cash position and overall financial condition; and changes to our business model. The payment of cash dividends is restricted by applicable law, contractual restrictions and our corporate structure. Pursuant to Singapore law and Broadcom's Constitution, no dividends may be paid except out of our profits or expected profits, based on Singapore accounting standards. Because we are a holding company, our ability to pay cash dividends on Broadcom ordinary shares is also limited by restrictions on our ability to obtain sufficient funds through dividends from subsidiaries, the declaration and payment of which are subject to restrictions under the terms of our 2016 Credit Agreement.

Singapore corporate law may impede a takeover of our company by a third-party, which could adversely affect the value of our ordinary shares.

The Singapore Code on Take-overs and Mergers contains provisions that may delay, deter or prevent a future takeover or change in control of our company for so long as we remain a public company with more than 50 shareholders and net tangible assets of S$5 million or more. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on their own or together with parties acting in concert with such person, in 30% or more of our voting shares, or, if such person holds, either on their own or together with parties acting in concert with such person, between 30% and 50% (both inclusive) of our voting shares, and such person (or parties acting in concert with such person) acquires additional voting shares representing more than 1% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a mandatory takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers. While the Singapore Code on Take-overs and Mergers seeks to ensure equality of treatment among shareholders, its provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our company. These legal requirements may impede or delay a takeover of our company by a third-party, which could adversely affect the value of our ordinary shares.

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Our actual operating results may differ significantly from our guidance.

From time to time, we release guidance regarding our future performance that represents our management’s estimates as of the date of release. This guidance, which consists of forward-looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in the release. Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither any independent registered public accounting firm nor any other independent expert or outside party compiles, examines or reviews the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto.

Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results, particularly any guidance relating to the results of operations of acquired businesses or companies as our management will, necessarily, be less familiar with their business, procedures and operations. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data will diminish the farther in the future that the data are forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it.

Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this Form 10-Q could result in the actual operating results being different than the guidance, and such differences may be adverse and material.

Risks Relating to Restricted Exchangeable Units

The exchange of the Partnership REUs into Broadcom ordinary shares is subject to significant restrictions, including the right of Broadcom in its sole discretion to cause the Partnership to repurchase such Partnership REUs for cash instead of Broadcom ordinary shares.

As of February 1, 2017, holders of Partnership REUs, or Limited Partners, may, subject to compliance with the procedures set forth in the Partnership’s amended and restated exempted limited partnership agreement, as amended from time to time, or the Partnership Agreement, require the Partnership to repurchase all or any portion of such Limited Partner’s Partnership REUs in exchange for Broadcom ordinary shares, at a ratio of one Broadcom ordinary share for each Partnership REU, or the Exchange Right. However, Broadcom, in its sole discretion as General Partner, has the right to cause the Partnership to repurchase the Partnership REUs for cash (in an amount determined in accordance with the terms of the Partnership Agreement based on the market price of Broadcom ordinary shares) in lieu of Broadcom ordinary shares. Although we are currently issuing Broadcom ordinary shares upon exchange of Partnership REUs, Broadcom, in its sole discretion as General Partner, may choose to cause the Partnership to repurchase the Partnership REUs for cash at any time and without notice. The payment of cash upon exchange of Partnership REUs could result in, among other things, tax consequences that differ from those that would have resulted if the holder of such Partnership REUs had received Broadcom ordinary shares.

In addition, prior to the third anniversary following the effective time of the Broadcom Merger, it is a condition precedent to the obligation of the Partnership to repurchase such Partnership REUs, and the holder of such Partnership REUs shall not be permitted to exercise the Exchange Right, unless (i) Broadcom has received a written opinion from an independent nationally recognized law or accounting firm that the Exchange Right should not cause Broadcom to be treated as (a) a “surrogate foreign corporation” (within the meaning of Section 7874(a)(2)(B) of the Code) or (b) a “domestic corporation” (within the meaning of Section 7874(b) of the Code) and (ii) Broadcom’s independent auditor

has determined that no reserve shall be required for financial accounting purposes relating to Section 7874 of the Code as a result of the exercise of such Exchange Right. Although Limited Partners are currently permitted to exercise their Exchange Rights, no assurance can be provided as to whether or not such determinations will be obtainable in the future.
The exchange of Partnership REUs is a U.S. taxable event.
The exchange of Partnership REUs will be treated for U.S. tax purposes as a taxable sale of the Partnership REUs by the Limited Partner making the exchange. A Limited Partner will recognize gain or loss for U.S. income tax purposes in an amount equal to the fair market value of our ordinary shares or the cash amount received in the exchange, plus the amount of the

Partnership's liabilities allocable to the Partnership REUs being exchanged, less the Limited Partner's adjusted tax basis in the Partnership REUs exchanged. The recognition of any loss resulting from an exchange of Partnership REUs is subject to a number of limitations set forth in the Code. It is possible that the amount of gain recognized or even the tax liability resulting from the gain could exceed the value of our ordinary shares or cash amount received upon the exchange. In addition, a Limited Partner may have difficulty finding buyers for a substantial number of ordinary shares in order to raise cash to pay tax liabilities associated with the exchange of their Partnership REUs and may not receive a price for the ordinary shares equal to the value of the Partnership REUs at the time of the exchange.

An active trading market for Partnership REUs is not expected to develop.

The Partnership REUs are not listed on a national exchange in the United States or on a foreign exchange. An active public market for the Partnership REUs is not expected to develop. In addition, although the Partnership REUs are registered under the Exchange Act, Broadcom, as General Partner, is under no obligation to continue such registration and is authorized to deregister the Partnership REUs at any time such registration is not legally required. As a result, it will be very difficult to sell the Partnership REUs at a price that is attractive, or at all.

Future sales of Broadcom ordinary shares in the public market could cause the value of Partnership REUs to fall.

Sales of a substantial number of Broadcom ordinary shares in the public market, or the perception that these sales might occur, could depress the value of the Partnership REUs because the value of the Partnership REUs is derivative of the value of Broadcom ordinary shares.

The value of the Broadcom ordinary shares received in any exchange of the Partnership REUs, or the cash amount to be paid by us in lieu thereof, may fluctuate.

The value of the Broadcom ordinary shares into which the Partnership REUs may be exchanged, or the cash amount to be paid by the Partnership in lieu thereof, may be subject to significant fluctuations for many reasons. Consequently, due to these potential fluctuations in value of Broadcom ordinary shares, at the time that the Exchange Right is exercised, the Broadcom ordinary shares into which Partnership REUs may be exchanged, or the cash amount to be paid in lieu thereof, may have a value that differs from the value of Broadcom ordinary shares as of the effective time of the Broadcom Merger. Also see "At times, Broadcom's share price has been volatile and it may fluctuate substantially in the future, which could result in substantial losses for our investors as well as class action litigation against us and our management which could cause us to incur substantial costs and divert our management's attention and resources" regarding fluctuations in the value of Broadcom ordinary shares.

There can be no assurance that the Partnership will continue to declare cash distributions.

Pursuant to the terms of the Partnership Agreement, Broadcom, as General Partner, and our Limited Partners are entitled to receive distributions from the Partnership if and when Broadcom pays dividends to holders of its ordinary shares. There can be no assurance that Broadcom will declare cash dividends in the future in any particular amounts, or at all. Also see "There can be no assurance that we will continue to declare cash dividends" regarding factors that may affect the timing and amount of dividends paid by Broadcom.

In certain circumstances, a Limited Partner may lose its limited liability status.

The Exempted Limited Partnership Law, 2014 of the Cayman Islands, as amended and any successor to such statute, or the Cayman Islands Limited Partnerships Act, provides that a limited partner with the benefits of limited liability unless, in addition to exercising rights and powers as a limited partner, such limited partner takes part in the control or conduct of the business of a limited partnership of which such limited partner is a partner (subject to certain qualifications and exceptions). Subject to the provisions of the Cayman Islands Limited Partnerships Act and of similar legislation in other jurisdictions, the liability of each limited partner for the debts, liabilities and obligations of the Partnership will be limited to the limited partner's capital contribution, plus the limited partner's share of any undistributed income of the Partnership. However, pursuant to the Cayman Islands Limited Partnerships Act, where a limited partner has received a payment representing the return of all or part of that limited partner's capital contribution or is released from any outstanding obligation in respect of his commitment and, at the time that payment was made or release effected, (i) the limited partnership is insolvent; and (ii) the limited partner had actual knowledge of the insolvency of the limited partnership, then for a period of six months, but not thereafter, such limited partner would be liable to the Partnership or, where the Partnership is dissolved, to its creditors, to repay such payment or perform the released obligation with interest to the extent that such contribution or part thereof is, necessary to discharge the

liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before the return of the capital contribution.
The limitation of liability conferred under the Cayman Limited Partnerships Act may be ineffective outside the Cayman Islands except to the extent it is given extra-territorial recognition or effect by the laws of other jurisdictions. There may also

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be requirements to be satisfied in each jurisdiction to maintain limited liability. If limited liability is lost, limited partners may be considered to be general partners (and therefore be subject to unlimited liability) in such jurisdiction by creditors and others having claims against the Partnership.

Under certain circumstances, the voting rights of the Partnership REUs will be limited.

Each holder of Partnership REUs has the benefit of a voting trust agreement dated February 1, 2016, among the Partnership, Broadcom and the voting trustee, or the Voting Trust Agreement. Pursuant to the terms of the Voting Trust Agreement, the voting trustee holds non-economic voting preference shares of Broadcom, or Special Voting Shares, that entitle the voting trustee to a number of votes equal to the number of votes that would attach to the Broadcom ordinary shares receivable upon the exchange of the Partnership REUs as of the record date of a Broadcom shareholder meeting. Holders of Partnership REUs are entitled to direct the voting trustee under the Voting Trust Agreement to vote the number of Special Voting Shares equal to the number of Partnership REUs held by such holder in substantially all votes that are presented to the holders of Broadcom ordinary shares. However, in the event that, under applicable law, any matter requires the approval of the holder of record of a Special Voting Share, voting separately as a class, the Voting Trust Agreement restricts the ability of holders of Partnership REUs to exercise such voting rights.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed with or incorporated by reference into this Form 10-Q.

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SIGNATURES

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

BROADCOM LIMITED

By:	/s/ Thomas H. Krause, Jr.
	Thomas H. Krause, Jr. Vice President and Chief Financial Officer

BROADCOM CAYMAN L.P.
by Broadcom Limited, its General Partner

By:	/s/ Thomas H. Krause, Jr.
	Thomas H. Krause, Jr. Vice President and Chief Financial Officer

Date: September 7, 2017

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EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference Herein Form	Filing Date	Filed Herewith
2.1#	Agreement and Plan of Merger, dated as of April 10, 2013, by and among CyOptics, Avago Technologies Wireless (U.S.A.) Manufacturing Inc., Celsus Acquisition Corp., Avago Technologies Limited, Avago Technologies Finance Pte. Ltd. and Shareholder Representative Services LLC.	Avago Technologies Limited Current Report on Form 8-K (Commission File No. 001-34428)	April 11, 2013	
2.2#	Agreement and Plan of Merger, dated December 15, 2013, by and among LSI Corporation, Avago Technologies Limited, Avago Technologies Wireless (U.S.A.) Manufacturing, Inc. and Leopold Merger Sub, Inc.	Avago Technologies Limited Current Report on Form 8-K/A (Commission File No. 001-34428)	December 16, 2013	
2.3#	Agreement and Plan of Merger, dated May 28, 2015, by and among Pavonia Limited, Avago Technologies Limited, Safari Cayman L.P., Avago Technologies Cayman Holdings Ltd., Avago Technologies Cayman Finance Limited, Buffalo CS Merger Sub, Inc., Buffalo UT Merger Sub, Inc. and Broadcom Corporation.	Avago Technologies Limited Current Report on Form 8-K (Commission File No. 001-34428)	May 29, 2015	
2.4	Amendment No. 1 to Agreement and Plan of Merger, dated July 29, 2015, by and between Avago Technologies Limited and Broadcom Corporation.	Avago Technologies Limited Current Report on Form 8-K (Commission File No. 001-34428)	July 31, 2015	
2.5#	Agreement and Plan of Merger, dated November 2, 2016, by and among Brocade Communications Systems, Inc., Broadcom Limited, Broadcom Corporation and Bobcat Merger Sub, Inc.	Broadcom Limited Current Report on Form 8-K/A (Commission File No. 001-37690)	November 2, 2016	
3.1	Constitution of Broadcom Limited	Broadcom Limited Current Report on Form 8-K12B (Commission File No. 001-37690)	February 2, 2016	
3.2	Amended and Restated Exempted Limited Partnership Agreement of Broadcom Cayman L.P. (f/k/a Safari Cayman L.P.), dated February 1, 2016	Broadcom Limited Current Report on Form 8-K12B (Commission File No. 001-37690)	February 2, 2016	
3.3	Voting Trust Agreement, dated as of February 1, 2016, by and among Broadcom Limited, Broadcom Cayman L.P. and Computershare Trust Company, N.A., as Trustee	Broadcom Limited Current Report on Form 8-K12B (Commission File No. 001-37690)	February 2, 2016	
4.1	Form of Specimen Share Certificate for Registrant’s Ordinary Shares.	Broadcom Limited Registration Statement on	March 4, 2016	

Form S-3 (Commission File No. 333-209923)

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Exhibit Number	Description	Incorporated by Reference Herein Form	Filing Date	Filed Herewith
4.2	Indenture, dated as of January 19, 2017, by and among the Broadcom Corporation and Broadcom Cayman Finance Limited(“Co-Issuers”), the Company, Broadcom Cayman L.P., and BC Luxembourg S.à r.l.(the “Guarantors”) and Wilmington Trust, National Association, as trustee.	Broadcom Limited Current Report on Form 8-K (Commission File No. 001-37690)	January 20, 2017	
4.3	Form of 2.375% Senior Note due 2020 (included in Exhibit 4.2).	Broadcom Limited Current Report on Form 8-K (Commission File No. 001-37690)	January 20, 2017	
4.4	Form of 3.000% Senior Note due 2022 (included in Exhibit 4.2).	Broadcom Limited Current Report on Form 8-K (Commission File No. 001-37690)	January 20, 2017	
4.5	Form of 3.625% Senior Note due 2024 (included in Exhibit 4.2).	Broadcom Limited Current Report on Form 8-K (Commission File No. 001-37690)	January 20, 2017	
4.6	Form of 3.875% Senior Note due 2027 (included in Exhibit 4.2).	Broadcom Limited Current Report on Form 8-K (Commission File No. 001-37690)	January 20, 2017	
4.7	Registration Rights Agreement, dated as of January 19, 2017, by and among the Co-Issuers, the Guarantors and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital Inc., as representatives of the several initial purchasers of the Senior Notes.	Broadcom Limited Current Report on Form 8-K (Commission File No. 001-37690)	January 20, 2017	
10.1+	Performance Share Unit Award Agreement, dated June 15, 2017, between the Company and Hock E. Tan.	Broadcom Limited Current Report on Form 8-K (Commission File No. 001-37690)	June 19, 12017	
31.1	Certification of Principal Executive Officer of Broadcom Limited Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
31.2	Certification of Principal Financial Officer of Broadcom Limited Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the			X

Sarbanes-Oxley Act of 2002.

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Exhibit Number	Description	Incorporated by Reference Herein Form	Filing Date	Filed Herewith
31.3	Certification of Principal Executive Officer for Broadcom Cayman L.P. Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
31.4	Certification of Principal Financial Officer for Broadcom Cayman L.P. Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
32.1	Certification of Principal Executive Officer of Broadcom Limited Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
32.2	Certification of Principal Financial Officer of Broadcom Limited Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
32.3	Certification of Principal Executive Officer for Broadcom Cayman L.P. Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
32.4	Certification of Principal Financial Officer for Broadcom Cayman L.P. Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
101.INS	XBRL Instance Document			X
101.SCH	XBRL Schema Document			X
101.CAL	XBRL Calculation Linkbase Document			X
101.DEF	XBRL Definition Linkbase Document			X
101.LAB	XBRL Labels Linkbase Document			X
101.PRE	XBRL Presentation Linkbase Document			X

Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Broadcom Limited hereby undertakes to furnish supplementally copies of any omitted schedules upon request by the SEC.

+Indicates a management contract or compensatory plan or arrangement.