

MAXLINEAR INC
Form 10-K
February 23, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 2014
OR

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

For the Transition Period From _____ to _____
Commission file number: 001-34666
MaxLinear, Inc.
(Exact name of Registrant as specified in its charter)

Delaware 14-1896129
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

5966 La Place Court, Suite 100 92008
Carlsbad, California (Zip Code)
(Address of principal executive offices)
(760) 692-0711
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Title of each class Name of the exchange on which registered
Class A Common Stock, \$0.0001 par value New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this

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Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's common stock, \$0.0001 par value per share, held by non-affiliates of the registrant on June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, was \$313.7 million (based on the closing sales price of the registrant's Class A common stock on that date). Shares of the registrant's Class A or Class B common stock held by each officer and director and each person known to the registrant to own 10% or more of the outstanding voting power of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not a determination for other purposes. As of February 13, 2015, the registrant has 30,987,609 shares of Class A common stock, par value \$0.0001, and 6,977,834 shares of Class B common stock, par value \$0.0001, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Part III of this Form 10-K is incorporated by reference to the registrant's proxy statement (the "Proxy Statement") for the 2015 annual meeting of stockholders, which proxy statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K.

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our proprietary CMOS-based radio system architecture provides to our customers the benefits of superior RF system performance, shorter design cycles, significant design flexibility and low system cost across a wide range of broadband communications applications. It is our intention to drive future optical interconnect products to CMOS versus existing Silicon Germanium BiCMOS and Indium Phosphide process technology designs.

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We sell our products to original equipment manufacturers, or OEMs, module makers and original design manufacturers, or ODMs. During 2014, we sold our products to more than 157 end customers. For the year ended December 31, 2014, our net revenue was \$133.1 million as compared to \$119.6 million in the year ended December 31, 2013.

Recent Developments

On February 3, 2015, we entered into a definitive agreement and plan of merger and reorganization with Entropic Communications, Inc., or Entropic, under which we agreed to acquire all of the outstanding capital stock of Entropic in a cash and stock transaction. If the merger is consummated, each outstanding share of Entropic's common stock will be converted into the right to receive \$1.20 in cash and 0.2200 of a share of our Class A common stock; existing holders of our Class A and Class B common stock are expected to hold approximately 65% of the outstanding capital stock of the combined company, and current holders of Entropic's common stock are expected to hold approximately 35% of the outstanding capital stock of the combined company (ignoring for this purpose the special voting rights that holders of our Class B common stock will continue to hold after the merger). Consummation of the merger is subject to separate approvals by our stockholders and the stockholders of Entropic, regulatory approvals, and other customary closing conditions. For a more complete description of the terms and conditions of the merger, please refer to our Current Report on Form 8-K filed with the Securities and Exchange Commission on February 4, 2015. A copy of the definitive merger agreement is filed as Exhibit 2.1 to the Form 8-K.

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

We believe our acquisition of Entropic will add significant scale to our analog/mixed-signal business, expanding our addressable market and enhancing the strategic value of our offerings to our broadband and access partners, OEM customers, and service providers. For a discussion of specific risks and uncertainties that could affect our ability to achieve these and other strategic objectives of the acquisition, please refer to Part I, Item 1A, “Risk Factors” under the subsection captioned “Risks Relating to the Proposed Acquisition of Entropic.”

Industry Background

Technological advances in the broadband data, broadcast TV, and wireless voice and data markets are driving dramatic changes in the way consumers access the internet and experience multimedia content. These advances include the ongoing worldwide conversion from analog to digital television broadcasting; the increasing availability of high-speed broadband and wireless connectivity; the transitions from standard to high to ultra high/4K video definition television; the proliferation of multi-channel digital video recording, or DVR; the proliferation of multimedia content being both accessible and stored in the cloud through terrestrial broadcast digital television, cable, satellite and telecommunications carrier services. As a result, system designers are adding enhanced multimedia functionality to set top boxes and digital televisions, and expanding voice, video and data access functions and capabilities to home broadband gateways and mobile devices, which in turn is creating demand for higher speed optical interconnects in data center, metro, and long-haul transport network applications. We believe that several trends, across multiple target markets, are creating revenue opportunities for providers of RF and analog/mixed-signal solutions. These trends include the following:

Terrestrial: Consumers are demanding advanced features in their televisions and are also using non-traditional consumer electronic devices, such as personal computers, netbooks, tablets, in-cabin automobile, portable media players, and mobile phones to access broadcast television and other multimedia content. In the traditional television market, system designers are introducing cable and satellite ready televisions equipped with enhanced features such as picture-in-picture and DVR. Also, with the increased popularity of accessing multimedia content over-the-top, or OTT, via broadband-enabled streaming services, consumers are increasingly augmenting these OTT multimedia content services with local free-to-air broadcast programming. Consumers can access these terrestrial broadcasts through set-top boxes containing terrestrial RF receiver solutions.

Cable / Satellite / Broadband Access: Competing cable, satellite, and other broadband service providers differentiate their services by providing consumers with bundled video, voice, and broadband data access, referred to as triple-play services. These services include advanced features such as; channel guide information, video-on-demand, multi-channel digital video recording, or DVR, and picture-in-picture viewing. Many set top boxes, including those used for triple-play services, now enable consumers to simultaneously access, and manage multimedia content from multiple locations in the same house. These advanced features require either a home gateway or a set top box to simultaneously receive, demodulate, and decode multiple signals spread across several channels of frequency bandwidth. Traditional architectures would require that each simultaneously accessed signal require a dedicated RF receiver. In these emerging home gateway or media servers, where content may be

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delivered using internet protocol or IP, there may be “thin or remote clients” that may not have traditional TV tuners, but necessarily include a broadband RF receiver such as MoCA or WiFi. This greatly increases the number of RF receivers required to be deployed in each set top box. In addition, in order to deliver increasing data bandwidth to the home, cable MSOs have deployed DOCSIS 3.0 equipment and services, which enable channel bonding, or the concurrent reception of multiple channels, resulting in higher aggregate “sum of the channels” bandwidth available to DOCSIS 3.0 cable subscribers.

Optical Interconnect: Growth in data traffic generated from smartphones and tablets, over-the-top, or OTT, streaming video, cloud computing and data analytics in hyper-scale data centers is creating demand for higher speed interconnect products addressing enterprise and telecommunications infrastructure market applications. These solutions provide the interconnect function between the top-of-rack to the core-router within a datacenter, and the metro and long haul connections within a service provider network. Datacenter links are commonly increasing performance/speed and are currently changing from 1Gbps to 10Gbps on the servers and from 10/40Gbps to 100Gbps on the routers and switches, and we believe that over the next several years they will likely migrate to 400Gbps.

As a result of these trends, RF and analog/mixed signal receiver technology is being deployed in a variety of devices for the terrestrial, cable, satellite, datacenter, and metro and long-haul telecom transport network markets. The proliferation of applications with advanced features has led to an increase in the number of devices with multiple RF receivers and RF receiver SoCs. RF receivers incorporate RF, digital and analog signal processing functions.

Challenges Faced by Providers of Systems and RF Receivers and Optical Interconnects

The stringent performance requirements of broadband communications and optical interconnect applications and the distinct technological challenges associated with the terrestrial, cable, satellite, datacenter, and metro and long-haul telecom transport markets present significant obstacles to service providers and system designers. In particular, designing and implementing RF receivers to capture broadcast digital television signals is extremely challenging due in part to the wide frequency band across which broadcast digital television signals are transmitted. As compared to other digital radio technologies, such as cellular, WiFi and Bluetooth, television signals broadcast over air, on cable, and by satellite are acquired over a much wider frequency band and encounter many more sources of interference. As a result, traditionally, design and implementation of these RF receivers have been accomplished using conventional radio system architectures that employ multiple discrete components and are fabricated using expensive special purpose semiconductor manufacturing processes, such as silicon germanium, gallium arsenide, and special purpose CMOS-based RF process technologies.

The core challenges of capturing and processing high quality broadband communications signals are common to the terrestrial, cable, and satellite markets. These challenges include:

Design Challenges of Receiving Multiple RF Signals. System designers and service providers across various markets seek to enhance consumer appeal through the addition of new features in their products. Incorporating more than one channel of RF reception in an electronic device enables many of these features and advanced applications that are rapidly becoming a part of the standard offering from device makers and service providers. For example, in the cable set top box market, it is necessary to support the simultaneous reception of multiple channels for voice, video and data applications in many system designs. In order to meet such requirements, OEMs must employ either multiple narrow or wideband RF receivers or Full Spectrum Capture (FSC™) receiver SoCs in their system design. Each additional RF receiver poses new challenges to the system designer, such as increased design complexity, overall cost, circuit board space, power consumption and heat dissipation. In addition, a high level of integration in multiple-receiver designs is necessary to combat the reliability and signal interference issues arising from the close proximity of sensitive RF elements.

Signal Clarity Performance Requirements. Television reception requires a robust and clear signal to provide an adequate user experience. One of the core attributes of system performance is signal clarity, often measured by the signal-to-noise ratio parameter, which measures the strength of the desired signal relative to the combined noise and undesired signal strength in the same channel. Television reception requires an RF receiver that has a wide dynamic range and the ability to isolate the desired signal from the undesired signals, which include the noise generated by extraneous radio waves and interferers produced by home networking systems such as wireless local area network, or

WLAN, and Bluetooth. Traditional RF receiver implementations utilized expensive discrete components, such as band-pass filters, resonance elements and varactor diodes to meet the stringent requirements imposed by broadband television reception. In high speed mobile environments, a method known as diversity combining of radio signals, in which the desired signal is captured using multiple RF receivers and reconstructed into a single signal, has been employed to improve the signal-to-noise ratio. Diversity combining of radio signals

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requires substantial RF, digital signal processing and software expertise. Both the traditional broadband reception and diversity combining of RF signals in mobile environments are difficult to implement and pose challenges to RF receiver providers.

Multiple Standards. Worldwide, there are several regional standards for the transmission and reception of broadband analog and digital TV signals. Technical performance, feature requirements and the predominance of a particular means of TV transmission vary regionally. Further, each major geographic region has adopted its own TV standard for cable, terrestrial, and satellite transmissions, such as DVB-T/T2/C/C2/S/S2, ATSC, NTSC, ISDB-T, PAL, SECAM, DTMB, CMMB, etc. As a result of these multiple standards, there are region-specific RF receiver requirements and implementations, which make global standards compliance extremely challenging. Many system designers prefer a multiple standards and protocol compliant solution that was previously not possible. Providers of RF receivers face the design challenge of providing this flexibility to the system designer without any increase in power consumption, or any loss of performance quality or competitiveness.

Power Consumption. Power consumption is an important consideration for consumers and a critical design specification for system designers. For example, in battery-operated devices such as mobile handsets, netbooks and notebooks, and voice-enabled cable modems, long battery life is a differentiating device attribute. In addition, government sponsored programs, such as Energy Star in the U.S., induce consumers to purchase more energy efficient products. For example, in September 2009, the U.S. Environmental Protection Agency announced that Energy Star compliant televisions would be required to be 40% more energy efficient than their noncompliant counterparts. The addition of one or more RF receivers to a system in order to enable digital TV functionality significantly increases the overall power consumption imposing severe platform level design constraints on multiple channel receiver systems. In fact, in some multiple receiver system designs, a majority of the system's overall power consumption is attributable to the RF receiver and related components. Providers of RF receivers and RF receiver SoCs are confronted with the design challenge of lowering power consumption while maintaining or improving device performance.

Size. The size of electronic components, such as RF receivers, is a key consideration for system designers and service providers. In the mobile market, size is a determining factor for whether or not a particular component, such as an RF receiver is designed into the product. In the television market, as system designers create thinner flat-screen displays, the size of RF receivers is becoming a significant consideration, especially when multiple RF receivers are incorporated in a single system.

The challenges of processing high-speed optical interconnect signals for datacenter, metro and long-haul telecommunications transport markets include:

Optical Fiber Channel Impairments. The optical properties of the fiber material results in impairments to the optical signal that is being propagated across the fiber. These impairments include loss of light intensity, modal, chromatic and polarization dispersion as the light propagates through the fiber. These impairments result in degradation of signal integrity which contributes to effective reduction in data throughput.

Optical Device Technology. The state-of-art in optical device technology today lags the speeds contemplated for data traffic within cloud data centers and transport links between telecom data centers. So, there are severe physical limits to the conversion of electrical signals to optical signals and vice versa at extremely high speeds. These limitations arise from bandwidth, nonlinearities, and noise properties in lasers, modulators, and photo detectors.

Form Factor. The form factor of the face plates in server, storage, switch, and networking racks in data centers limits the capacity to dissipate heat generated by electrical and optical devices inside the transceivers to which optical fibers are connected. As data rates increase dramatically, the physical form of the face plates and connectors does not scale to cope with accompanying increase in power density.

Limitations of Traditional RF Receiver Solutions

For the past several decades, the RF receiver technology of choice has been the electro-mechanical can tuner. Despite field-proven performance attributes such as signal clarity, can tuners are often prohibitively large in size and have high power consumption, low reliability and high cost, especially in systems requiring multiple RF receivers in a single device. Further, can tuners utilize multiple external discrete components that limit the use of a system design to a single region or TV reception standard. Regional or standard specific customization can be tedious, time consuming

and costly for the system designers.

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Silicon RF receiver solutions eliminate some of the mechanical and discrete electronic components found in can tuners. However, existing silicon RF receivers typically have been designed using a conventional radio system architecture that employs multiple external discrete components, although fewer than in traditional can-tuners. In addition, these silicon RF receivers have been fabricated using expensive, special purpose semiconductor manufacturing processes such as gallium arsenide and silicon germanium process technologies. The use of multiple components and exotic semiconductor manufacturing process technologies increases system design complexity and overall cost. It reduces the feasibility of further integrating digital baseband circuits on the same chip as the RF receiver. We believe that a new RF receiver technology is required to address the drawbacks of traditional can-tuners and silicon receivers for the terrestrial, cable, and satellite markets.

Scalability of systems to support simultaneous multiple channel reception is a major requirement in today's home gateways, set-top-boxes, and broadband data modems. The use of existing can-tuners or integrated single channel receivers built in expensive, special purpose semiconductor process technologies imposes severe platform level design constraints for scaling power consumption, and manufacturing cost.

Our RF Receiver Solution

We are a provider of integrated, radio-frequency and mixed-signal integrated circuits for broadband communications and data center, metro, and long-haul transport network applications. Our products enable the display of broadband video and data content in a wide range of electronic devices, including cable and terrestrial and satellite set top boxes, DOCSIS data and voice gateways, hybrid analog and digital televisions, satellite low-noise blocker transponders or outdoor units and optical modules for data center, metro, and long-haul transport network applications.

We combine our high performance analog and mixed-signal semiconductor design skills with our expertise in digital communications systems, software and embedded systems to develop RF receivers and RF receiver SoCs. We integrate our RF receivers with digital demodulation and other communications functions in standard CMOS process technology. Our solutions have the following key features:

Proprietary Radio Architecture. Digital signal processing is at the core of our RF receivers and RF receiver SoCs.

Using our proprietary CMOS-based radio architecture, we leverage both analog and digital signal processing to improve system performance across multiple products. The partitioning of the signal processing in the chip between analog and digital domains is designed to deliver high performance, small die size and low power for a given application. Moreover, our architecture is implemented in standard CMOS process technology, which enables us to realize the integration benefits of analog and digital circuits on the same integrated circuit. This allows us to predictably scale the on-chip digital circuits in successive advanced CMOS process technology nodes. Our solutions have been designed into products in markets with extremely stringent specifications for quality, performance and reliability, such as the television and automotive markets. We believe that our success in these markets demonstrates that our solution can be implemented successfully across multiple markets and applications.

High Signal Clarity Performance. We design our RF receivers and RF receiver SoCs to provide high signal clarity performance regardless of the application in which they are employed. For example, in the set top box market, we deploy our core RF and mixed-signal CMOS process technology platform and radio system architecture to overcome the interference from in-home networks that can degrade cable broadband signals. We believe that signal clarity is more critical in television compared to other communications applications such as voice and data, because signal loss and interference have a more adverse impact on the end user experience.

Highly Integrated. Our products integrate on a single chip the functionality associated with traditional analog and digital integrated circuits and other expensive discrete components. This high level of integration has the cost benefits associated with smaller silicon die area, fewer external components and lower power. Our CMOS-based RF receiver SoC eliminates analog interface circuit blocks and external components situated at the interface between discrete analog and digital demodulator chips and reduces the cost associated with multiple integrated circuit packages and related test costs. We are also able to integrate multiple RF receivers along with a demodulator onto a single die to create application-specific configurations for our customers. Thus, our highly integrated solution reduces the technical difficulties associated with overcoming the undesired interactions between multiple discrete analog and digital integrated circuits comprising a single system. Our solutions reduce the technical burden on system designers in

deploying enhanced television functionality in their products.

Low Power. Our products enable our customers to reduce power consumption in consumer electronic devices without compromising the stringent performance requirements of applications such as broadcast television. In addition, our products enable our customers to decrease overall system costs by reducing the power consumption and heat dissipation requirements in their systems. For example, in cable boxes supporting voice applications, low

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power consumption may enable a reduction in the number of batteries or battery capacity required to support standby and lifeline telephony. In certain set top boxes, reduced overall power consumption may allow system designers to eliminate one or more cooling fans required to dissipate the heat generated by high power consumption. The benefits of low power consumption increase with the number of RF receivers included in a system.

Scalable Platform. Our product families share a highly modular, core radio system architecture, which enables us to offer RF receiver and RF receiver SoC solutions that meet the requirements of a wide variety of geographies, broadcast standards and applications. This is in contrast to legacy solutions that require significant customization to conform to regional standards, technical performance and feature requirements. Moreover, by leveraging our flexible core architecture platform, our integrated circuit solutions can be deployed across multiple device categories. As a result, our customers can minimize the design resources required to develop applications for multiple target markets. In addition, our engineering resources can be deployed more efficiently to design products for larger addressable markets. We believe that our core technology platform also can be applied to other communications markets with similar performance requirements.

Space Efficient Solution. Our highly integrated CMOS-based RF receivers and RF receiver SoCs have an extremely small silicon die size, require minimal external components and consume very little power. Our unique radio architecture, more specifically our Full-Spectrum Capture™ technology, not only enables us to integrate multiple RF receivers in a chip, but also results in a reduction in the incremental power and die area required per each additional channel of reception. This enables our customers to design multi-receiver applications, such as cable modems and set top boxes, in an extremely small form factor. In addition, our products are easily adapted to space-constrained devices such as flat screen televisions, netbooks, and laptops.

Our Strategy

Our objective is to be the leading provider of mixed-signal RF receivers and RF receiver SoCs for broadband video and data communications, datacenter, and metro and long-haul telecom transport market applications and, in the future, to leverage this core competency to expand into other communications markets with similar performance requirements. The key elements of our strategy are:

Extend Technology Leadership in RF Receivers and RF Receiver + Demodulator SoCs. We believe that our success has been, and will continue to be, largely attributable to our RF and mixed-signal design capability, as well as advanced digital design, which we leverage to develop high-performance, low-cost semiconductor solutions for broadband communications applications. The broadband RF receiver market presents significant opportunities for innovation through the further integration of RF and mixed-signal functionality with digital signal processing capability in CMOS process technology. By doing so, we will be able to deliver products with lower power consumption, superior performance and increased cost benefits to system designers and service providers. We believe that our core competencies and design expertise in this market will enable us to acquire more customers and design wins over time. We will continue to invest in this capability and strive to be an innovation leader in this market.

Leverage and Expand our Existing Customer Base. We target customers who are leaders in their respective markets. We intend to continue to focus on sales to customers who are leaders in our current target markets, and to build on our relationships with these leading customers to define and enhance our product roadmap. By solving the specific problems faced by our customers, we can minimize the risks associated with our customers' adoption of our new integrated circuit products, and reduce the length of time from the start of product design to customer revenue. Further, our engagements with market leaders will enable us to participate in emerging technology trends and new industry standards.

Target Additional High-Growth Markets. Our core competency is in RF analog and mixed-signal integrated circuit design in CMOS process technology for broadband communications applications. Several of the technological challenges involved in developing RF solutions for video broadcasting and broadband reception are common to a majority of broadband communication markets. We intend to leverage our core competency in developing highly integrated RF receiver and RF receiver SoCs in standard CMOS process technology to address additional markets within broadband communications, communications infrastructure, and connectivity markets that we believe offer profitable high growth potential.

Expand Global Presence. Due to the global nature of our supply chain and customer locations, we intend to continue to expand our sales, design and technical support organization both in the United States and overseas. In particular, we expect to increase the number of employees in Asia, Europe and the United States to provide

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regional support to our increasing base of customers. We believe that our customers will increasingly expect this kind of local capability and support.

Attract and Retain Top Talent. We are committed to recruiting and retaining highly talented personnel with proven expertise in the design, development, marketing and sales of communications integrated circuits. We believe that we have assembled a high-quality team in all the areas of expertise required at a semiconductor communications company. We provide an attractive work environment for all of our employees. We believe that our ability to attract the best engineers is a critical component of our future growth and success in our chosen markets.

Products

Our products are integrated into a wide range of electronic devices, including cable and terrestrial and satellite set top boxes, DOCSIS data and voice gateways, hybrid analog and digital televisions, satellite low-noise blocker transponders or outdoor units and physical medium devices that go into optical modules for data center, metro, and long-haul transport network applications.

We provide our customers with guidelines, known as reference designs, so that they can efficiently use our products in their product designs. We currently provide the following types of semiconductors:

RF Receivers. These semiconductor products combine RF receiver technology that traditionally required multiple external discrete components, such as very high frequency, or VHF, and ultra-high frequency, or UHF, tracking filters, surface acoustic wave, or SAW, filters, intermediate-frequency, or IF, amplifiers, low noise amplifiers and transformers. All of these external components have been either eliminated or integrated into a single semiconductor produced entirely in standard CMOS process technology.

RF Receiver SoCs. These semiconductor products combine the functionality of RF receivers, and demodulators in a single chip. In some configurations, these products may incorporate multiple RF receivers and single or multiple demodulators in a single chip to provide application or market specific solutions to customers.

Laser Modulator Drivers. These semiconductor products reside in optical modules and provide a constant current source that delivers exactly the current to the laser diode that it needs to operate for a particular application

Transimpedance Amplifiers. These semiconductor products reside in optical modules and provide current-to-voltage conversion, converting the low-level current of a sensor to a voltage.

Clock and Data Recovery Circuits. These semiconductor products generate a clock from an approximate frequency reference, and then phase-aligns to the transitions in the data stream with a phase-locked loop, or PLL.

Customers

We sell our products, directly and indirectly, to original equipment manufacturers, or OEMs, module makers and original design manufacturers, or ODMs, and refer to these as our end customers. By providing a highly integrated reference design solution that our customers can incorporate in their products with minimal modifications, we enable our customers to design cost-effective high performance digital RF receiver and RF receiver SoC solutions rapidly. During the year ended December 31, 2014, we sold our products to more than 157 end customers. A significant but declining portion of our sales to these and other customers are through distributors based in Asia, and we do not consider distributors as our end customers, despite selling the products to and being paid by the distributors.

A significant portion of our net revenue has historically been generated by a limited number of customers. During the year ended December 31, 2014 and the year ended December 31, 2013, ten customers accounted for approximately 67% and 72% of our net revenue, respectively. For the year ended December 31, 2014, Arris Group, Inc., or Arris, represented 31% of revenue. For the year ended December 31, 2013, Arris represented 28% of revenue. Sales to Arris as a percentage of revenue include sales to Motorola Home, which was acquired by Arris in April 2013, for the years ended December 31, 2014 and 2013.

Products shipped to Asia accounted for 94% of our net revenue in the year ended December 31, 2014 and 93% of our net revenue in the year ended December 31, 2013. Products shipped to Japan accounted for 7% of our net revenue in the year ended December 31, 2014 and 9% of our net revenue in the year ended December 31, 2013. Products shipped to China and Taiwan accounted for 71% and 6%, respectively, of our net revenue in the year ended December 31, 2014. Products shipped to China and Taiwan accounted for 68% and 8%, respectively, of our net revenue in the year ended December 31, 2013. Although a large percentage of our products are shipped to Asia, we believe that a

significant number of the systems designed by these customers and incorporating our semiconductor products are then sold outside Asia. For example, we believe revenue generated from sales of our digital terrestrial set top box products during the year ended December 31, 2014 and 2013 related principally

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to sales to Asian set top box manufacturers delivering products into Europe, Middle East, and Africa, or EMEA, markets. Similarly, revenue generated from sales of our cable modem products during the year ended December 31, 2014 and 2013 related principally to sales to Asian ODM's and contract manufacturers delivering products into European and North American markets. To date, all of our sales have been denominated in United States dollars. See Note 1 to our consolidated financial statements for a discussion of total revenue by geographical region for 2014, 2013 and 2012.

Sales and Marketing

We sell our products worldwide through multiple channels, using our direct sales force, third party sales representatives, and a network of domestic and international distributors. We have direct sales personnel covering the United States, Europe and Asia, and operate customer engineering support offices in Carlsbad, Irvine, and San Jose in California; Atlanta in Georgia; Tokyo in Japan; Shanghai and Shenzhen in China; Hsinchu in Taiwan; Seoul in South Korea; and Bangalore, India. We also employ a staff of field applications engineers to provide direct engineering support locally to some of our customers.

Our distributors are independent entities that assist us in identifying and servicing customers in a particular territory, usually on a non-exclusive basis. Sales through distributors accounted for approximately 28% of our net revenue in the year ended December 31, 2014 and 29% of our net revenue in the year ended December 31, 2013.

In October 2005, we entered into a non-exclusive distributor agreement with Tomen Electronics Corporation, or Tomen, for distribution of our products in Japan. Our distributor agreement with Tomen is effective for one year, unless it is terminated earlier by either party for any or no reason with written notice provided three months prior to the expiration of the agreement or by failure of the breaching party to cure a material breach within fifteen days following written notice of such material breach by the non-breaching party. Our agreement with Tomen will automatically renew for additional successive one-year terms unless at least three months before the end of the then-current term either party provides written notice to the other party that it elects not to renew the agreement. In June 2009, we entered into a revised non-exclusive distributor agreement with Moly Tech Limited, or Moly Tech, for distribution of our products in China, Hong Kong and Taiwan. Our distributor agreement with Moly Tech is effective for one year, unless it is terminated earlier by either party for any or no reason within sixty days of prior written notice or by failure to cure a material breach within thirty days following written notice of such material breach by the non-breaching party. Our agreement with Moly Tech will automatically renew for additional successive one-year terms unless at least sixty days before the end of the then-current term either party provides written notice to the other party that it elects not to renew the agreement.

In February 2012, we entered into a non-exclusive distributor agreement with Techmosa International, Inc., for distribution of our products in Taiwan. Our distributor agreement with Techmosa is effective for one year, unless it is terminated in writing earlier by either party for any or no reason which will commence 60 days following receipt of the other party's request, or by failure to cure a material breach within thirty days following written notice of such material breach by the non-breaching party. Our agreement with Techmosa will automatically renew for additional successive one-year terms unless at least sixty days before the end of the then-current term either party provides written notice to the other party that it that it elects not to renew the agreement.

Our sales cycles typically require a significant amount of time and a substantial expenditure of resources before we can realize revenue from the sale of products, if any. Our typical sales cycle consists of a multi-month sales and development process involving our customers' system designers and management. The typical time from early engagement by our sales force to actual product introduction runs from nine to twelve months for the consumer market, to as much as 18 to 24 months for the cable and satellite markets. If successful, this process culminates in a customer's decision to use our products in its system, which we refer to as a design-win. Volume production may begin within three to nine months after a design-win, depending on the complexity of our customer's product and other factors upon which we may have little or no influence. Once our products have been incorporated into a customer's design, they are likely to be used for the life cycle of the customer's product. Thus, a design-win may result in an extended period of revenue generation. Conversely, a design-loss to our competitors, may adversely impact our financial results for an extended period of time.

We generally receive purchase orders from our customers approximately six to twelve weeks prior to the scheduled product delivery date. These purchase orders may be cancelled without charge upon notification, so long as notification is received within an agreed period of time in advance of the delivery date. Because of the scheduling requirements of our foundries and assembly and test contractors, we generally provide our contractors production forecasts and place firm orders for products with our suppliers, up to thirteen weeks prior to the anticipated delivery date, often without a purchase order from our own customers. Our standard warranty provides that products containing defects in materials, workmanship or product performance may be returned for a refund of the purchase price or for replacement, at our discretion.

Manufacturing

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We use third-party foundries and assembly and test contractors to manufacture, assemble and test our semiconductor products. This outsourced manufacturing approach allows us to focus our resources on the design, sale and marketing of our products. Our engineers work closely with our foundries and other contractors to increase yield, lower manufacturing costs and improve product quality.

Wafer Fabrication. We utilize standard CMOS process technology to manufacture our products. We use a variety of process technology nodes ranging from 0.13 μ down to 28 nanometer. We depend on four independent silicon foundry manufacturers located in Asia to support the majority of our wafer fabrication requirements. Our key subcontractors are Semiconductor Manufacturing International Corporation, or SMIC, in China, Silterra Malaysia Sdn. Bhd., in Malaysia, Global Foundries in Singapore and United Microelectronics Corporation, or UMC, in Taiwan and Singapore.

Assembly/packaging and Test. Upon completion of the silicon processing at the foundry, we forward the finished silicon wafers to independent assembly/packaging and test service subcontractors. The majority of our assembly/packaging and test requirements are supported by the following independent subcontractors: Advanced Semiconductor Engineering, or ASE, in Taiwan (assembly/packaging and test), Giga Solution Technology Co., Ltd in Taiwan (test only), King Yuan Electronics Co., Ltd, or KYEC, in Taiwan (test only), SIGURD Microelectronics Corp. in Taiwan (test only), Siliconware Precision Industries Co. Ltd, or SPIL, in Taiwan (assembly/packaging only) and Unisem (M) Berhad in China (assembly/packaging only).

Quality Assurance. We have implemented significant quality assurance procedures to assure high levels of product quality for our customers. We closely monitor the work-in-progress information and production records maintained by our suppliers, and communicate with our third-party contractors to assure high levels of product quality and an efficient manufacturing time cycle. Upon successful completion of the quality assurance procedures, all of our products are stored and shipped to our customers or distributors directly from our third-party contractors in accordance with our shipping instructions.

Research and Development

We believe that our future success depends on our ability to both improve our existing products and to develop new products for both existing and new markets. We direct our research and development efforts largely to the development of new high performance, mixed-signal semiconductor solutions for broadband communications, datacenter, and metro and long-haul telecommunications transport market applications. We target applications that require stringent overall system performance and low power consumption. As new and challenging communication applications proliferate, we believe that many of these applications may benefit from our SoC solutions combining analog and mixed-signal processing with digital signal processing functions. We have assembled a team of highly skilled semiconductor and embedded software design engineers with expertise in broadband RF and mixed-signal integrated circuit design, digital signal processing, communications systems and SoC design. As of December 31, 2014, we had approximately 269 employees in our research and development group. Our engineering design teams are located in Carlsbad, Irvine, and San Jose in California; Atlanta in Georgia; Shanghai in China; and Bangalore in India. Our research and development expense was \$56.6 million in 2014, \$53.1 million in 2013 and \$46.5 million in 2012.

Competition

We compete with both established and development-stage semiconductor companies that design, manufacture and market analog and mixed-signal broadband RF receiver and optical interconnect products. Our competitors include companies with much longer operating histories, greater name recognition, access to larger customer bases and substantially greater financial, technical and operational resources. Our competitors may develop products that are similar or superior to ours. We consider our primary competitors to be companies with a proven track record of supporting market leaders and the technical capability to develop and bring to market competing broadband RF receiver and RF receiver SoC and optical interconnect products. Our primary competitors include NXP B.V. in cable and terrestrial TV markets, Silicon Laboratories in terrestrial TV markets, RDA Microelectronics and Rafael Microelectronics, Inc. in TV and terrestrial set-top-box markets, Broadcom Corporation in terrestrial, cable, and satellite data and video markets, Entropic Communications, Inc. and Broadcom Corporation, in our new development initiatives targeting satellite outdoor units, and Inphi, and M/A-COM, and Semtech, and Qorvo amongst other in

development initiatives targeting datacenter, and metro and long-haul telecommunications transport applications. In addition, it is quite likely that a number of other public and private companies, including some of our customers and semiconductor integrated circuit partners, are developing competing products for digital TV, other broadband communications, and datacenter, and metro and long-haul telecommunications transport applications.

The market for analog and mixed-signal semiconductor products is highly competitive, and we believe that it will grow more competitive as a result of continued technological advances. We believe that the principal competitive factors in our markets include the following:

product performance;

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features and functionality;
energy efficiency;
size;
ease of system design;
customer support;
product roadmap;
reputation;
reliability; and
price.

We believe that we compete favorably as measured against each of these criteria. However, our ability to compete in the future will depend upon the successful design, development and marketing of compelling RF and mixed-signal semiconductor integrated solutions for high growth communications markets. In addition, our competitive position will depend on our ability to continue to attract and retain talent while protecting our intellectual property.

Intellectual Property Rights

Our success and ability to compete depend, in part, upon our ability to establish and adequately protect our proprietary technology and confidential information. To protect our technology and confidential information, we rely on a combination of intellectual property rights, including patents, trade secrets, copyrights and trademarks. We also protect our proprietary technology and confidential information through the use of internal and external controls, including contractual protections with employees, contractors, business partners, consultants and advisors. Protecting mask works, or the “topography” or semiconductor material designs, of our integrated circuit products is of particular importance to our business and we seek to prevent or limit the ability of others to copy, reproduce or distribute our mask works.

We have 58 issued patents and 305 patent applications pending in the United States. We also have 10 issued foreign patents and 101 other pending foreign patent applications, based on our issued patents and pending patent applications in the United States. The 58 issued patents in the United States will begin to expire in 2024 through 2032. The 10 issued foreign patents will expire in 2025.

We are the owner of two registered trademarks in the United States, “MxL” and “digIQ”, and we claim common law rights in certain other trademarks that are not registered.

We may not gain any competitive advantages from our patents and other intellectual property rights. Our existing and future patents may be circumvented, designed around, blocked or challenged as to inventorship, ownership, scope, validity or enforceability. It is possible that we may be provided with information in the future that could negatively affect the scope or enforceability of either our present or future patents. Furthermore, our pending and future patent applications may or may not be granted under the scope of the claims originally submitted in our patent applications. The scope of the claims submitted or granted may or may not be sufficiently broad to protect our proprietary technologies. Moreover, we have adopted a strategy of seeking limited patent protection with respect to the technologies used in or relating to our products.

We are a party to a number of license agreements for various technologies, such as a license agreement with Intel Corporation relating to demodulator technologies that are licensed specifically for use in our products for cable set top boxes. The agreement was originally entered into with Texas Instruments but was subsequently assigned to Intel Corporation as part of Intel Corporation’s acquisition of Texas Instruments’ cable modem product line in 2010. The license agreement with Intel Corporation has a perpetual term, but Intel Corporation may terminate the agreement for any uncured material breach or in the event of bankruptcy. If the agreement is terminated, we would not be able to manufacture or sell products that contain the demodulator technology licensed from Intel Corporation, and there would be a delay in the shipment of our products containing the technology until we found a replacement for the demodulator technology in the marketplace on commercially reasonable terms or we developed the demodulator technology itself. We believe we could find a substitute for the currently licensed demodulator technology in the marketplace on commercially reasonable terms or develop the demodulator technology ourselves. In either case, obtaining new licenses or replacing existing technology could have a material adverse effect on our business, as

described in “Risk Factors—Risks Related to Our Business—We utilize a significant amount of intellectual property in our business. If we are unable to protect our intellectual property, our business could be adversely affected.”

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The semiconductor industry is characterized by frequent litigation and other vigorous offensive and protective enforcement actions over rights to intellectual property. Moreover, there are numerous patents in the semiconductor industry, and new patents are being granted rapidly worldwide. Our competitors may obtain patents that block or limit our ability to develop new technology and/or improve our existing products. If our products were found to infringe any patents or other intellectual property rights held by third parties, we could be prevented from selling our products or be subject to litigation fees, statutory fines and/or other significant expenses. We may be required to initiate litigation in order to enforce any patents issued to us, or to determine the scope or validity of a third-party's patent or other proprietary rights. We may in the future be contacted by third parties suggesting that we seek a license to intellectual property rights that they may believe we are infringing. In addition, in the future, we may be subject to lawsuits by third parties seeking to enforce their own intellectual property rights, as described in "Risk Factors—Risks Related to Our Business—We recently settled and are currently a party to intellectual property litigation and may face additional claims of intellectual property infringement. Current litigation and any future litigation could be time-consuming, costly to defend or settle and result in the loss of significant rights" and in "Item 3—Legal Proceedings."

Employees

As of December 31, 2014, we had approximately 378 employees, including 269 in research and development, 53 in sales and marketing, 8 in operations and semiconductor technology and 48 in administration. None of our employees is represented by a labor organization or under any collective bargaining arrangement, and we have never had a work stoppage. We consider our employee relations to be good.

Backlog

Our sales are made primarily pursuant to standard purchase orders. Because industry practice allows customers to reschedule, or in some cases, cancel orders on relatively short notice, we do not believe that backlog is a good indicator of our future sales.

Geographic Information

During our last three years, substantially all of our revenue was generated from products shipped to China, Japan and Taiwan, and substantially all of our long-lived assets are located within the United States.

Seasonality

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence and price erosion, evolving technical standards, short product life cycles and wide fluctuations in product supply and demand. From time to time, these and other factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry, and in our business in particular.

In addition, our operating results are subject to substantial quarterly and annual fluctuations due to a number of factors, such as the demand for semiconductor solutions for broadband communications applications, the timing of receipt, reduction or cancellation of significant orders, the gain or loss of significant customers, market acceptance of our products and our customers' products, our ability to timely develop, introduce and market new products and technologies, the availability and cost of products from our suppliers, new product and technology introductions by competitors, intellectual property disputes and the timing and extent of product development costs.

ITEM 1A. RISK FACTORS

This Annual Report on Form 10-K, or Form 10-K, including any information incorporated by reference herein, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, referred to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "intend," "forecast," "anticipate," "believe," "estimate," "predict," "potential," "continue" or the negative of other comparable terminology. The forward-looking statements contained in this 10-K involve known and unknown risks, uncertainties and situations that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. These factors include those listed below in this Item 1A and those discussed elsewhere in this Form 10-K. We encourage investors to review these factors carefully. We may from time to time make additional written and oral forward-looking statements, including statements contained in our filings with the

SEC. We do not undertake to update any forward-looking statement that may be made from time to time by or on behalf of us, whether as a result of new information, future events or otherwise, except as required by law.

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Before you invest in our securities, you should be aware that our business faces numerous financial and market risks, including those described below, as well as general economic and business risks. The following discussion provides information concerning the material risks and uncertainties that we have identified and believe may adversely affect our business, our financial condition and our results of operations. Before you decide whether to invest in our securities, you should carefully consider these risks and uncertainties, together with all of the other information included in this Form 10-K and in our other public filings.

Risks Relating to the Proposed Acquisition of Entropic

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

We currently expect to realize material cost savings and other synergies as a result of our proposed acquisition of Entropic, and as a result, we currently believe that the acquisition will be accretive to our earnings per share, excluding upfront non-recurring charges, transaction related expenses, and the amortization of purchased intangible assets. The expectations and guidance we have provided with respect to the potential financial impact of the acquisition are subject to numerous assumptions, however, including assumptions derived from our diligence efforts concerning the status of and prospects for Entropic's business, which we do not currently control, and assumptions relating to the near-term prospects for the semiconductor industry generally and the markets for Entropic's products in particular. Additional assumptions we have made relate to numerous matters, including (without limitation) the following:

- projections of Entropic's future revenues;
- the anticipated financial performance of Entropic's products and products currently in development;
- anticipated cost savings and other synergies associated with the acquisition, including potential revenue synergies;
- our expected capital structure after the acquisition;
- the amount of goodwill and intangibles that will result from the acquisition;
- certain other purchase accounting adjustments that we expect to record in our financial statements in connection with the acquisition;
- acquisition costs, including restructuring charges and transactions costs payable to our financial, legal, and accounting advisors;
- our ability to maintain, develop, and deepen relationships with customers of Entropic; and
- other financial and strategic risks of the Entropic acquisition, including the possible impact of reduced liquidity of MaxLinear resulting from deal-related cash outlays.

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

Failure to integrate our business and operations successfully with those of Entropic in the expected time-frame or otherwise may adversely affect MaxLinear's operating results and financial condition if the acquisition is completed. We do not have a substantial history of acquiring other companies and have never pursued an acquisition of the size and complexity of Entropic. The success of the proposed acquisition of Entropic will depend, in substantial part, on our ability to integrate Entropic's business and operations successfully with those of MaxLinear and to realize fully the

anticipated benefits and potential synergies from combining our companies, including, among others, currently expected cost savings from

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duplicative functions; potential operational efficiencies in our respective supply chains and in research and development investments; and potential revenue growth resulting from the addition of Entropic's product portfolio. Historically, we and Entropic have been independent companies, and we will continue to operate as such until the completion of the acquisition. We expect that the integration will be complex and time consuming and will require substantial management time and attention, which may divert attention and resources from other important areas, including our existing businesses. We may face significant challenges in consolidating our operations with Entropic, integrating the two companies' technologies, and addressing the different corporate cultures of the two companies. Additional unanticipated costs may be incurred in the course of integrating our respective businesses. If the companies are not successfully integrated, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected. In such a case, we would expect our operating results and financial condition to be materially and adversely affected, which could also have a material and adverse effect on the trading price or trading volume of our Class A common stock.

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

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

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

We and Entropic may have difficulty motivating and retaining executives and other key employees in light of the acquisition.

Uncertainty about the effect of the acquisition on our employees and those of Entropic may have an adverse effect on MaxLinear or Entropic while the acquisition is pending or on MaxLinear after the acquisition is completed. This uncertainty may impair our or Entropic's ability to retain and motivate key personnel in the months leading up to the completion of the acquisition and our ability to retain and motivate them following the acquisition. Employee retention may be particularly challenging as our and Entropic's employees may experience frustrations during the integration process and uncertainty about their future roles with us following completion of the acquisition. For the acquisition to be successful, we and Entropic must continue to retain and motivate executives and other key employees during the period before the acquisition is completed. Furthermore, after the acquisition is completed, MaxLinear must be successful at retaining and motivating key employees in order for the benefits of the transaction to be fully realized. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to become employees of MaxLinear after the acquisition is completed, we may incur significant costs in

identifying, hiring, and retaining replacements for departing employees, which could substantially reduce or delay our ability to realize the anticipated benefits of the acquisition and could have a material adverse effect on our business, operating results, and financial condition.

The merger agreement with Entropic contains provisions that may preclude us, while the transaction is pending, from pursuing acquisitions that we might otherwise pursue or that could discourage or deter bids for MaxLinear and that could require us to pay Entropic an \$11.65 million termination fee under certain circumstances.

Under the merger agreement, subject to certain exceptions, we are restricted from pursuing or entering into agreements with respect to transactions involving acquisitions of assets or businesses by MaxLinear. In addition, unless and until the

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merger agreement is terminated, subject to specified exceptions, we are restricted from soliciting, initiating, knowingly encouraging, or knowingly facilitating from or with any person proposals that could reasonably be expected to lead to an “acquisition transaction” (as defined in the merger agreement), including transactions that would result in a change-of-control in or acquisition of MaxLinear. Our board is permitted under certain circumstances to change its recommendation to our stockholders prior to our anticipated special meeting of stockholders if we receive a “superior proposal” or if an “intervening event” has occurred (in each case, as such terms are defined in the merger agreement). Nevertheless, in such events, we are required to negotiate with Entropic regarding potential amendments to the merger agreement and may only enter into an agreement with respect to a superior proposal if specified conditions have been satisfied and we have paid Entropic a termination fee of \$11.65 million. In addition, we could be required to pay Entropic a termination fee if Entropic terminates the merger agreement due to a “triggering event,” which is defined in the definitive merger agreement and includes a change of recommendation by our board to our stockholders or our breach of the non-solicitation provisions of the merger agreement. These restrictive covenants contained in the merger agreement could have the effect while the acquisition is pending of preventing us from pursuing acquisitions of complementary products or businesses that management believes would be in the best interests of MaxLinear and its stockholders. In addition, these restrictions could discourage a third party that may have an interest in acquiring us from considering or proposing an acquisition of MaxLinear. If such a proposal were forthcoming, we may not be able to enter into an agreement with respect to such an alternative transaction without incurring potentially significant liability to Entropic.

If the proposed acquisition is not completed, we will have incurred substantial costs that may adversely affect our operating results and financial condition as well as the market price of our Class A common stock.

If the acquisition is not completed, the price of our Class A common stock may decline to the extent that such market price reflects a market assumption that the acquisition will be completed. In addition, we have incurred and will incur substantial costs in connection with the proposed acquisition. These costs are primarily associated with the fees of our financial advisors, accountants, and legal counsel and, with limited exceptions relating to a portion of our financial advisor fees, will be payable regardless of whether the acquisition is completed. In addition, we have diverted significant management resources in an effort to complete the acquisition and are subject to restrictions contained in the merger agreement on the conduct of our business during the pendency of the acquisition. If the acquisition is not completed, we will have received little or no benefit in respect of such costs incurred. If the acquisition is not completed under certain circumstances specified in the merger agreement, we may be required to pay a termination fee to Entropic of \$11.65 million or to reimburse Entropic for its out-of-pocket expenses up to a cap of \$2.5 million. Furthermore, if the acquisition is not completed, we may experience negative reactions from the financial markets and our suppliers, customers, customer prospects, and employees. Any of these factors could have an adverse effect on our business, operating results, and financial condition or on the trading price of our Class A common stock.

Our ability to complete the acquisition is subject to various closing conditions, including approval of our stockholders and certain required regulatory approvals, which may contain burdensome conditions, including divestitures, that could have an adverse effect on our operation of the business following the acquisition.

To complete the acquisition, our stockholders must approve the issuance of the shares of our Class A common stock pursuant to the terms of the merger agreement. In addition, completion of the acquisition is conditioned upon the receipt of certain regulatory approvals, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Even if these approvals are obtained, governmental authorities could impose conditions on the completion of the acquisition, including requiring divestitures that could delay consummation of the acquisition or have an adverse effect on our business following the acquisition. Under the terms of the merger agreement, we have agreed to certain limited divestitures of assets of Entropic, if required by governmental or regulatory authorities, so as to enable the closing of the acquisition as soon as reasonably possible. The special meeting at which our stockholders will vote on the transactions contemplated by the merger agreement may take place before all such approvals have been obtained and, in cases where they have not been obtained, before the terms of any conditions to obtain such approvals that may be imposed are known. As a result, if stockholder approval of the transactions contemplated by the merger agreement is obtained at our special meeting, we may make

decisions after the special meeting to waive a condition or approve certain actions required to obtain necessary approvals without seeking further stockholder approval. Such actions could have an adverse effect on our business following completion of the acquisition. In addition, the merger agreement contains other customary closing conditions, which may not be satisfied or waived.

If we are unable to complete the acquisition, we would be subject to a number of risks, including the following: we would not realize the anticipated benefits of the acquisition, including, among other things, increased operating efficiencies;

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the attention of our management may have been diverted to the acquisition rather than to our own operations and the pursuit of other opportunities that could have been beneficial to us;
the potential loss of key personnel during the pendency of the acquisition as employees and other service providers may experience uncertainty about their future roles with us following completion of the acquisition; and
the trading price of our Class A common stock may decline to the extent that the current market prices reflect a market assumption that the acquisition will be completed.

We can provide no assurance that the various closing conditions will be satisfied, that the necessary regulatory approvals will be obtained, or that any required conditions will not materially adversely affect our business following the acquisition. If we are required to undertake divestitures in order to obtain any approvals required to complete the acquisition, we may be less able to realize anticipated benefits of the acquisition, and our business, operating results, and financial condition after the acquisition may be adversely affected. In addition, we can provide no assurance that these conditions will not result in the abandonment or delay of the acquisition. The occurrence of any of these events individually or in combination could have a material adverse effect on our business, financial condition, and results of operations and on the trading price of our Class A common stock.

In order to complete the acquisition and distribute the cash consideration payable to Entropic stockholders, we will be required to use substantially all of Entropic's available cash resources and a sizeable portion of our cash resources. As a result, our available liquidity after the acquisition will be reduced at the same time that the scope of our operations and cash requirements have increased, and we may be required to seek additional financing.

Under the terms of the merger agreement and in order to implement the distribution of the cash merger consideration to Entropic's stockholders, Entropic is required to deliver to the exchange agent specified for the acquisition an amount of cash designated by us, which cannot exceed Entropic's aggregate cash and cash equivalents less \$10.0 million. We will be required to fund the balance of the cash merger consideration from our own cash and cash equivalents.

Consequently, substantially all of Entropic's available cash will be used in connection with the acquisition, and our overall liquidity after completion of the acquisition will be materially reduced relative to our current liquidity even though we will have incurred substantial expenses and expect to incur additional restructuring costs as we integrate Entropic's business and operations. To the extent Entropic's cash and cash equivalents at closing are less than we currently anticipate, we would be required to use a larger portion of our available cash. As a result of these factors, our board of directors and management may determine to seek financing to enhance our liquidity, which could involve the issuance of debt or equity securities. We cannot provide any assurances that additional financing will be available to us when and as needed or on terms that we believe to be commercially reasonable. To the extent we issue debt securities, such indebtedness would have rights that are senior to holders of equity securities and could contain covenants that restrict our operations. Any equity financing would be dilutive to our current stockholders. If we determine that we require funding as a result of the acquisition but cannot obtain such funding on terms we consider to be reasonable, we may seek other methods to reduce our use of cash, including reductions in our research and development spending, which would be expected to have an adverse long-term effect on our business, operating results, and financial condition.

A number of purported stockholder class action lawsuits have been filed against us, Entropic, Entropic's directors, and our merger subsidiaries, Excalibur Acquisition Corporation and Excalibur Subsidiary, LLC, challenging the acquisition, and an unfavorable judgment or ruling in these lawsuits could prevent or delay the consummation of the acquisition, result in substantial costs, or have an adverse effect on our business, financial condition and operating results.

Beginning on February 9, 2015, a number of purported stockholder class action complaints were filed on behalf of a putative class of Entropic stockholders in the Court of Chancery in the State of Delaware and in the Superior Court of the State of California County of San Diego. The class action complaints name Entropic, the members of Entropic's board, MaxLinear and our merger subsidiaries, Excalibur Acquisition Corporation and Excalibur Subsidiary, LLC, as defendants. Additional lawsuits may be filed.

The class action complaints generally allege, among other things, that, in connection with our proposed acquisition of Entropic, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things,

purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that Entropic, MaxLinear, and/or our merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The complaints seek, among other things: an order enjoining the defendants from consummating the proposed transaction; an order declaring the merger agreement unlawful and unenforceable; in the event that the proposed transaction is consummated, an order rescinding it and setting it aside or awarding rescissory damages to the class; imposition of a constructive trust; damages; and/or attorneys' fees and costs.

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Our management believes that the allegations in the Delaware class action complaints and the California class action complaints are without merit and intend to vigorously contest the actions. Litigation is inherently uncertain, however, and there can be no assurances that the defense of these stockholder lawsuits will be successful. In addition, we and Entropic have obligations, under certain circumstances, to hold harmless and indemnify each of the defendant directors against judgments, fines, settlements and expenses related to claims against such directors and otherwise to the fullest extent permitted under Delaware law and our and Entropic's respective bylaws and certificate of incorporation. Such obligations may apply to these lawsuits. An unfavorable outcome in these lawsuits could prevent or delay the consummation of the merger, result in substantial costs to us and Entropic, or have an adverse effect on our business, financial condition and operating results.

If the acquisition of Entropic is completed, the issuance of shares of our Class A common stock to Entropic stockholders will substantially reduce the percentage interests of our stockholders.

At the completion of the proposed acquisition of Entropic, we expect to issue approximately 20.6 million shares of our Class A common stock to former Entropic stockholders entitled to receive consideration pursuant to the merger agreement. If the acquisition is completed, we expect that our stockholders will own approximately 65% and that Entropic stockholders will own approximately 35% of our outstanding capital stock following completion of the acquisition. The issuance of shares of our Class A common stock to Entropic stockholders in the acquisition and the assumption by us of Entropic options, restricted stock units, and certain performance stock units will cause a significant reduction in the relative percentage voting and economic interests of our current stockholders.

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

We expect to incur substantial expenses in connection with integrating the operations, technologies, and business systems of MaxLinear and Entropic. We expect business systems integration between the two companies to require substantial management attention, including integration of information management, purchasing, accounting and finance, sales, payroll and benefits systems and regulatory compliance functions. Numerous factors beyond our control could affect the total cost or the timing of expected integration expenses. Moreover, many of the expenses that will be incurred are by their nature difficult to estimate accurately at the present time. These expenses could, particularly in the near term, reduce the savings that we expect to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses. These integration expenses may result in MaxLinear's taking significant charges against earnings following the completion of the acquisition.

We will record goodwill that could become impaired and adversely affect our future operating results.

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

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

The market value of our Class A common stock could decline if large amounts of our Class A common stock are sold following the acquisition.

Following the acquisition, our stockholders and former stockholders of Entropic will own interests in a company operating an expanded business with more assets and a different mix of liabilities. Our current stockholders (and those of Entropic who will receive our Class A common stock in connection with the acquisition) may not wish to continue to invest in us, or may wish to reduce their investment in us, in order to comply with institutional investing guidelines, to increase diversification or to track any rebalancing of stock indices in which our Class A common stock and Entropic common stock is or was included. If, following the acquisition, large amounts of our Class A common stock are sold, the price of our Class A common stock could decline.

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Risks Relating to Our Business

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

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

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

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

We depend on a limited number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in orders from, one or more of our major customers could have a material adverse effect on our revenue and operating results.

During the year ended December 31, 2014, Arris accounted for approximately 31% of our net revenue, and our ten largest customers collectively accounted for approximately 67% of our net revenue. During the year ended December 31, 2013, Arris accounted for approximately 28% of our net revenue, and our ten largest customers collectively accounted for approximately 72% of our net revenue. Sales to Arris as a percentage of revenue include sales to Motorola Home, which was acquired by Arris in April 2013, for the years ended December 31, 2014 and

2013. Our operating results for the foreseeable future will continue to depend on sales to a relatively small number of customers and on the ability of these customers to sell products that incorporate our RF receivers or RF receiver SoCs. In the future, these customers may decide not to purchase our products at all, may purchase fewer products than they did in the past, or may defer or cancel purchases or otherwise alter their purchasing patterns. Factors that could affect our revenue from these large customers include the following:

- substantially all of our sales to date have been made on a purchase order basis, which permits our customers to cancel, change or delay product purchase commitments with little or no notice to us and without penalty; and
- some of our customers have sought or are seeking relationships with current or potential competitors which may affect their purchasing decisions.

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

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

A significant portion of our revenue is attributable to demand for our products in markets for cable applications. Prior to fiscal 2010, sales of our products to customers in the mobile electronic device market and terrestrial market accounted for a significant portion of our revenue in prior periods; however, revenue derived from mobile electronic devices has declined since fiscal 2010 and is no longer an area of focus for us. For fiscal 2012, revenue directly attributable to cable applications accounted for approximately 63% of our net revenue. For fiscal 2013, revenue directly attributable to cable applications accounted for approximately 68% of our net revenue. For fiscal 2014, revenue directly attributable to cable applications accounted for approximately 65% of our net revenue. We expect that cable revenue will continue to represent a meaningful percentage of our total revenues in fiscal 2015 even as we expect the relative percentage to decline, assuming anticipated increases in satellite revenue occur. Delays in the development of, or unexpected developments in, the terrestrial television receiver and cable and satellite applications markets could have an adverse effect on order activity by manufacturers in these markets and, as a result, on our business, revenue, operating results and financial condition.

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

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

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

The semiconductor industry requires substantial investment in research and development in order to develop and bring to market new and enhanced technologies and products. Many of our products originated with our research and development efforts and we believe have provided us with a significant competitive advantage. Our research and

development expense was \$56.6 million in 2014, \$53.1 million in 2013 and \$46.5 million in 2012. In 2014, we continued to increase our research and development expenditures as part of our strategy of devoting focused research and development efforts on the development of innovative and sustainable product platforms. We are committed to investing in new product development internally in order to stay competitive in our markets and plan to maintain research and development and design capabilities for new solutions in advanced semiconductor process nodes such as 40nm and 28nm and beyond. We do not know whether we will have sufficient resources to maintain the level of investment in research and development required to remain competitive as semiconductor

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process nodes continue to shrink and become increasingly complex. In addition, we cannot assure you that the technologies which are the focus of our research and development expenditures will become commercially successful. The complexity of our products could result in unforeseen delays or expenses caused by undetected defects or bugs, which could reduce the market acceptance of our new products, damage our reputation with current or prospective customers and adversely affect our operating costs.

Highly complex products like our RF receivers and RF receiver SoCs and physical medium devices for optical modules may contain defects and bugs when they are first introduced or as new versions are released. Due to our limited operating history, defects and bugs that may be contained in our products may not yet have manifested. We have previously experienced, and may in the future experience, defects and bugs. If any of our products contains defects or bugs, or has reliability, quality or compatibility problems, we may not be able to successfully correct these problems. Consequently, our reputation may be damaged and customers may be reluctant to buy our products, which could materially and adversely affect our ability to retain existing customers and attract new customers, and our financial results. In addition, these defects or bugs could interrupt or delay sales to our customers. If any of these problems are not found until after we have commenced commercial production of a new product, we may be required to incur additional development costs and product recall, repair or replacement costs, and our operating costs could be adversely affected. These problems may also result in warranty or product liability claims against us by our customers or others that may require us to make significant expenditures to defend these claims or pay damage awards. In the event of a warranty claim, we may also incur costs if we compensate the affected customer. We maintain product liability insurance, but this insurance is limited in amount and subject to significant deductibles. There is no guarantee that our insurance will be available or adequate to protect against all claims. We also may incur costs and expenses relating to a recall of one of our customers' products containing one of our devices. The process of identifying a recalled product in devices that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs, contract damage claims from our customers and reputational harm. Costs or payments made in connection with warranty and product liability claims and product recalls could materially affect our financial condition and results of operations.

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

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

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

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

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

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accurately predict the direction in which our markets will evolve or that we will be able to develop, market, or sell new products that respond to such changes successfully or in a timely manner, if at all.

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

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

On January 21, 2014, CrestaTech Technology Corporation, or CrestaTech, filed a complaint for patent infringement against us in the United States District Court of Delaware (the “District Court Litigation”). In its complaint, CrestaTech alleges that we infringe U.S. Patent Nos. 7,075,585 and 7,265,792. In addition to asking for compensatory damages, CrestaTech alleges willful infringement and seeks a permanent injunction. CrestaTech also names Sharp Corporation, Sharp Electronics Corp. and VIZIO, Inc. as defendants based upon their alleged use of our television tuners. On January 28, 2014, CrestaTech filed a complaint with the U.S. International Trade Commission, or ITC, alleging that we, Sharp, Sharp Electronics, and VIZIO, infringe the same patents asserted in the Delaware action. On May 16, 2014 the ITC granted CrestaTech’s motion to file an amended complaint adding six OEM Respondents, namely, SIO International, Inc., Hon Hai Precision Industry Co., Ltd., Wistron Corp., Wistron Infocomm Technology (America) Corp., Top Victory Investments Ltd. and TPV International (USA), Inc. CrestaTech filed the amended complaint on June 12, 2014, alleging that the Company’s accused products are imported into and sold within the United States by, or on behalf of, the Company, Sharp, Sharp Electronics, VIZIO and the six OEM Respondents. Through its ITC complaints, CrestaTech seeks an exclusion order preventing entry into the United States of certain of our television tuners and televisions containing such tuners from Sharp, Sharp Electronics, and VIZIO. CrestaTech also seeks a cease and desist order prohibiting these defendants from engaging in the importation into, sale for importation into, the sale after importation of, or otherwise transferring within the United States certain of our television tuners or televisions containing such tuners. The target date for completing the ITC investigation is June 29, 2015. The District Court litigation is currently stayed.

Notwithstanding the completion of the ITC trial and post-trial briefing, our overall litigation with CrestaTech is still in the early stages, and we have not recorded an accrual for loss contingencies associated with the litigation; determined that an unfavorable outcome is probable or reasonably possible; or determined that the amount or range of any possible loss is reasonably estimable.

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

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

pay substantial damages to our customers or end users to discontinue their use of or to replace infringing technology sold to them with non-infringing technology.
Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

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

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

- any of our present or future patents or patent claims will not lapse or be invalidated, circumvented, challenged or abandoned;

- our intellectual property rights will provide competitive advantages to us;

- our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will not be limited by our agreements with third parties;

- any of our pending or future patent applications will be issued or have the coverage originally sought;

- our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak;

- any of the trademarks, copyrights, trade secrets or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged or abandoned; or

- we will not lose the ability to assert our intellectual property rights against or to license our technology to others and collect royalties or other payments.

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

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

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

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

When we settled a trademark dispute with Linear Technology Corporation, we agreed not to register the “MAXLINEAR” mark or any other marks containing the term “LINEAR”. We may continue to use “MAXLINEAR” as a corporate identifier, including to advertise our products and services, but may not use that mark on our products. The

agreement does not affect our ability to use our registered trademark “MxL”, which we use on our products. Due to our agreement not to register the “MAXLINEAR” mark, our ability to effectively prevent third parties from using the “MAXLINEAR” mark in connection with similar products or technology may be affected. If we are unable to protect our trademarks, we may experience difficulties in achieving and maintaining brand recognition and customer loyalty.

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

For the year ended December 31, 2014, sales of our RF receiver products used in digital terrestrial television applications, or DTT, including digital televisions, PCTV, IPTV, terrestrial set top boxes, and terrestrial receivers in satellite video gateways represented a significant portion of our revenues. We expect a significant portion of our revenue in future periods to continue to depend on the demand for DTT applications. In contrast to the United States, where the transition from analog to digital television occurred on a national basis in June 2009, in Europe and other parts of the world, the digital transition is being phased in on a local and regional basis and is expected to occur over many years. Many countries in Eastern Europe and Latin America are expected to convert to digital television by the end of 2018, with other countries targeting dates as late as 2024. As a result, our future revenue will depend in part on government mandates requiring conversion from analog to digital television and on the timing and implementation of those mandates. If the ongoing global transition to digital TV standards does not continue to progress or experiences significant delays, our business, revenue, operating results and financial condition would be materially and adversely affected. If during the transition to digital TV standards, consumers disproportionately purchase TV's with digital or hybrid tuning capabilities, this could diminish the size of the market for our digital-to-analog converter set-top box solutions, and as result our business, revenue, operating results and financial condition would be materially and adversely affected.

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

Our products are incorporated in numerous consumer devices, and demand for our products will ultimately be driven by consumer demand for products such as televisions, automobiles, cable modems, and set top boxes. Many of these purchases are discretionary. Global economic volatility and economic volatility in the specific markets in which the devices that incorporate our products are ultimately sold can cause extreme difficulties for our customers and third-party vendors in accurately forecasting and planning future business activities. This unpredictability could cause our customers to reduce spending on our products, which would delay and lengthen sales cycles. Furthermore, during challenging economic times our customers may face challenges in gaining timely access to sufficient credit, which could impact their ability to make timely payments to us. In addition, our recent revenue growth has been attributable in large part to purchases of digital-to-analog set top converter boxes in various geographies including Europe.

Partially in response to economic and political developments, Greece recently extended the date for its deadline for switching to exclusive digital television broadcasts. Similar extensions in other European countries could adversely affect our revenue and growth. These events, together with economic volatility that may face the broader economy and, in particular, the semiconductor and communications industries, may adversely affect, our business, particularly to the extent that consumers decrease their discretionary spending for devices deploying our products.

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

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

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

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

misappropriation of our intellectual property;
limited warranties on wafers or products supplied to us; and
potential increases in prices.

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

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

We do not have any long-term supply contracts with our contract manufacturers or suppliers, and any disruption in our supply of products or materials could have a material adverse effect on our business, revenue and operating results. We currently do not have long-term supply contracts with any of our third-party vendors, including UMC, Silterra Malaysia Sdn Bhd, Global Foundries, and SMIC. We make substantially all of our purchases on a purchase order basis, and neither UMC nor our other contract manufacturers are required to supply us products for any specific period or in any specific quantity. Foundry capacity may not be available when we need it or at reasonable prices.

Availability of foundry capacity has in the past been reduced from time to time due to strong demand. Foundries can allocate capacity to the production of other companies' products and reduce deliveries to us on short notice. It is possible that foundry customers that are larger and better financed than we are, or that have long-term agreements with our foundry, may induce our foundry to reallocate capacity to them. This reallocation could impair our ability to secure the supply of components that we need. We expect that it would take approximately nine to twelve months to transition performance of our foundry or assembly services to new providers. Such a transition would likely require a qualification process by our customers or their end customers. We generally place orders for products with some of our suppliers approximately four to five months prior to the anticipated delivery date, with order volumes based on our forecasts of demand from our customers. Accordingly, if we inaccurately forecast demand for our products, we may be unable to obtain adequate and cost-effective foundry or assembly capacity from our third-party contractors to meet our customers' delivery requirements, or we may accumulate excess inventories. On occasion, we have been unable to adequately respond to unexpected increases in customer purchase orders and therefore were unable to benefit from this incremental demand. None of our third-party contractors has provided any assurance to us that adequate capacity will be available to us within the time required to meet additional demand for our products.

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

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

Our recent operating history has focused on developing integrated circuits for specific terrestrial and cable television applications, and as part of our strategy, we seek to expand our addressable market into new product categories. For example, we have recently expanded into the market for satellite set-top and gateway boxes and outdoor units and physical medium devices for the optical interconnect markets. Our limited operating experience in new markets or potential markets we may enter, combined with the rapidly evolving nature of our markets in general, substantial uncertainty concerning how these markets may develop and other factors beyond our control, reduces our ability to accurately forecast quarterly or annual revenue. We are currently expanding our staffing and increasing our expense levels in anticipation of future revenue growth. If our revenue does not increase as anticipated, we could incur significant losses due to our higher expense levels if we are not able to decrease our expenses in a timely manner to offset any shortfall in future revenue.

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

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

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

- recruit, hire, train and manage additional qualified engineers for our research and development activities, especially in the positions of design engineering, product and test engineering and applications engineering;

- add sales personnel and expand customer engineering support offices;

- implement and improve our administrative, financial and operational systems, procedures and controls; and

- enhance our information technology support for enterprise resource planning and design engineering by adapting and expanding our systems and tool capabilities, and properly training new hires as to their use.

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

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

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

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

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

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

Prior to purchasing our products, our customers require that both our products and our third-party contractors undergo extensive qualification processes, which involve testing of the products in the customer's system and rigorous reliability testing. This qualification process may continue for six months or more. However, qualification of a product by a customer does not assure any sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision to the RF receiver or RF receiver SoC and physical medium devices for optical modules, changes in our customer's manufacturing process or our selection of a new supplier may require a new qualification process, which may result in delays and in us holding excess or obsolete inventory. After our products are qualified, it can take six months or more before the customer commences volume production of components or devices that incorporate our products. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing and management efforts, to qualifying our products with customers in

anticipation of sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, sales of this product to the customer may be precluded or delayed, which may impede our growth and cause our business to suffer.

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

We currently sell a significant but declining portion of our products to customers through our distributors, who maintain their own inventories of our products. For fiscal 2012, sales through distributors accounted for 40% of our net revenue. For fiscal 2013, sales through distributors accounted for 29% of our net revenue. For fiscal 2014, sales through distributors accounted for 28% of our net revenue. For these distributor transactions, revenue is not recognized until product is shipped to the end customer and the amount that will ultimately be collected is fixed or determinable. Upon shipment of product to these distributors, title to the inventory transfers to the distributor and the distributor is invoiced, generally with 30 day terms. On shipments to our distributors where revenue is not recognized, we record a trade receivable for the selling price as there is a legally enforceable right to payment, relieving the inventory for the carrying value of goods shipped since legal title has passed to the distributor, and record the corresponding gross profit in the consolidated balance sheet as a component of deferred revenue and deferred profit, representing the difference between the receivable recorded and the cost of inventory shipped. Future pricing credits and/or stock rotation rights from our distributors may result in the realization of a different amount of profit included our future consolidated statements of operations than the amount recorded as deferred profit in our consolidated balance sheets.

If our distributors are unable to sell an adequate amount of their inventories of our products in a given quarter to manufacturers and end users or if they decide to decrease their inventories of our products for any reason, our sales through these distributors and our revenue may decline. In addition, if some distributors decide to purchase more of our products than are required to satisfy end customer demand in any particular quarter, inventories at these distributors would grow in that quarter. These distributors likely would reduce future orders until inventory levels realign with end customer demand, which could adversely affect our product revenue in a subsequent quarter. Our reserve estimates with respect to the products stocked by our distributors are based principally on reports provided to us by our distributors, typically on a weekly basis. To the extent that this resale and channel inventory data is inaccurate or not received in a timely manner, we may not be able to make reserve estimates for future periods accurately or at all.

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

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

We are focused on securing design wins to develop RF receivers and RF receiver SoCs and physical medium devices for optical modules for use in our customers' products. These selection processes typically are lengthy and can require us to incur significant design and development expenditures and dedicate scarce engineering resources in pursuit of a single customer opportunity. We may not win the competitive selection process and may never generate any revenue despite incurring significant design and development expenditures. These risks are exacerbated by the fact that some of our customers' products

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likely will have short life cycles. Failure to obtain a design win could prevent us from offering an entire generation of a product, even though this has not occurred to date. This could cause us to lose revenue and require us to write off obsolete inventory, and could weaken our position in future competitive selection processes.

After securing a design win, we may experience delays in generating revenue from our products as a result of the lengthy development cycle typically required. Our customers generally take a considerable amount of time to evaluate our products. The typical time from early engagement by our sales force to actual product introduction runs from nine to twelve months for the consumer market, to as much as 36 months for the cable operator market. The delays inherent in these lengthy sales cycles increase the risk that a customer will decide to cancel, curtail, reduce or delay its product plans, causing us to lose anticipated sales. In addition, any delay or cancellation of a customer's plans could materially and adversely affect our financial results, as we may have incurred significant expense and generated no revenue. Finally, our customers' failure to successfully market and sell their products could reduce demand for our products and materially and adversely affect our business, financial condition and results of operations. If we were unable to generate revenue after incurring substantial expenses to develop any of our products, our business would suffer.

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

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

- changes in end-user demand for the products manufactured and sold by our customers;
- the receipt, reduction or cancellation of significant orders by customers;
- fluctuations in the levels of component inventories held by our customers;
- the gain or loss of significant customers;
- market acceptance of our products and our customers' products;
- our ability to develop, introduce and market new products and technologies on a timely basis;
- the timing and extent of product development costs;
- new product announcements and introductions by us or our competitors;
- incurrence of research and development and related new product expenditures;
- seasonality or cyclical fluctuations in our markets;
- currency fluctuations;
- fluctuations in IC manufacturing yields;
- significant warranty claims, including those not covered by our suppliers;
- changes in our product mix or customer mix;
- intellectual property disputes;
- loss of key personnel or the shortage of available skilled workers;
- impairment of long-lived assets, including masks and production equipment; and
- the effects of competitive pricing pressures, including decreases in average selling prices of our products.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results. We typically are required to incur substantial development costs in advance of a prospective sale with no certainty that we will ever recover these costs. A substantial amount of time may pass between a design win and the generation of revenue related to the expenses previously incurred, which can potentially cause our operating results to fluctuate significantly from period to period. In addition, a significant amount of our operating expenses are relatively

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fixed in nature due to our significant sales, research and development costs. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify its adverse impact on our results of operations.

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

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

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

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

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

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

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

Additionally, we incorporate third-party technology into and with some of our products, and we may do so in future products. The operation of our products could be impaired if errors occur in the third-party technology we use. It may be more difficult for us to correct any errors in a timely manner if at all because the development and maintenance of the technology is not within our control. There can be no assurance that these third parties will continue to make their

technology, or improvements to the technology, available to us, or that they will continue to support and maintain their technology. Further, due to the limited number of vendors of some types of technology, it may be difficult to obtain new licenses or replace existing technology. Any impairment of the technology or our relationship with these third parties could have a material adverse effect on our business.

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

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

The Federal examination by the Internal Revenue Service for the years 2010 and 2011 was completed during the three months ended March 31, 2014. The Company is still subject to examination for 2012 and 2013. In the event we are determined to have any unaccrued tax obligation arising from future audits, our operating results would be adversely affected.

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

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

We sell our products throughout the world. Products shipped to Asia accounted for 94% of our net revenue in the year ended December 31, 2014. In addition, approximately 34% of our employees are located outside of the United States.

All of our products are manufactured, assembled and tested in Asia, and all of our major distributors are located in Asia. Multiple factors relating to our international operations and to particular countries in which we operate could have a material adverse effect on our business, financial condition and results of operations. These factors include:

- changes in political, regulatory, legal or economic conditions;
- restrictive governmental actions, such as restrictions on the transfer or repatriation of funds and foreign investments and trade protection measures, including export duties and quotas and customs duties and tariffs;
- disruptions of capital and trading markets;
- changes in import or export licensing requirements;
- transportation delays;
- civil disturbances or political instability;
- geopolitical turmoil, including terrorism, war or political or military coups;
- public health emergencies;
- differing employment practices and labor standards;
- limitations on our ability under local laws to protect our intellectual property;
- local business and cultural factors that differ from our customary standards and practices;
- nationalization and expropriation;
- changes in tax laws;
- currency fluctuations relating to our international operating activities; and
- difficulty in obtaining distribution and support.

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In addition to a significant portion of our wafer supply coming from Singapore, China and Malaysia, substantially all of our products undergo packaging and final test in Taiwan. Any conflict or uncertainty in this country, including due to natural disaster or public health or safety concerns, could have a material adverse effect on our business, financial condition and results of operations. In addition, if the government of any country in which our products are manufactured or sold sets technical standards for products manufactured in or imported into their country that are not widely shared, it may lead some of our customers to suspend imports of their products into that country, require manufacturers in that country to manufacture products with different technical standards and disrupt cross-border manufacturing relationships which, in each case, could have a material adverse effect on our business, financial condition and results of operations.

We also are subject to risks associated with international political conflicts involving the U.S. government. For example, in 2008 we were instructed by the U.S. Department of Homeland Security to cease using Polar Star International Company Limited, a distributor based in Hong Kong, that delivered third-party products, to a political group that the U.S. government did not believe should have been provided with the products in question. As a result, we immediately ceased all business operations with that distributor. The loss of Polar Star as a distributor did not materially delay shipment of our products because Polar Star was a non-exclusive distributor and we had in place alternative distribution arrangements. However, we cannot provide assurances that similar disruptions of distribution arrangements in the future will not result in delayed shipments until we are able to identify alternative distribution channels, which could include a requirement to increase our direct sales efforts. Loss of a key distributor under similar circumstances could have an adverse effect on our business, revenues and operating results.

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

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

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

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

For example, the SEC recently adopted a final rule to implement Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires new disclosures concerning the use of conflict minerals, generally tantalum, tin, gold, or tungsten, that originated in the Democratic Republic of the Congo or an adjoining country. These disclosures are required whether or not these products containing conflict minerals are manufactured by us or third parties. Verifying the source of any conflict minerals in our products will create additional costs in order to

comply with the new disclosure requirements and we may not be able to certify that the metals in our products are conflict free, which may create issues with our customers. In addition, the new rule may affect the pricing, sourcing and availability of minerals used in the manufacture of our products.

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

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

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

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

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

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

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

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

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

Third parties with which we conduct business, such as foundries, assembly and test contractors, and distributors, have access to certain portions of our sensitive data. In the event that these third parties do not properly safeguard our data that they hold, security breaches could result and negatively impact our business, operations and financial results. Investor confidence may be adversely impacted if we are unable to comply with Section 404 of the Sarbanes-Oxley Act of 2002, and as a result, our stock price could decline.

We are subject to rules adopted by the Securities Exchange Commission, or SEC, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, which require us to include in our Annual Report on Form 10-K our management's report on, and assessment of the effectiveness of, our internal controls over financial reporting. If we fail to maintain the adequacy of our internal controls, there is a risk that we will not comply with all of the requirements imposed by Section 404. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. Any of these possible outcomes could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our consolidated financial statements and could result in investigations or sanctions by the SEC, the New York Stock Exchange, or NYSE, or other regulatory authorities or in stockholder litigation. Any of these factors ultimately could harm our business and could negatively impact the market price of our securities. Ineffective control over financial reporting could also cause investors to lose confidence in our reported financial information, which could adversely affect the trading price of our common stock.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. However, our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

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

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

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

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or using new technologies or in developing new products or product enhancements that achieve market acceptance. Our pursuit of necessary technological advances may require substantial time and expense.

Risks Relating to Our Class A Common Stock

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

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

• allows the holders of our Class B common stock to have the sole right to elect two management directors to the Board of Directors;

• with respect to change of control matters, allows the holders of our Class B common stock to have ten votes per share compared to the holders of our Class A common stock who will have one vote per share on these matters; and

• with respect to the adoption of or amendments to our equity incentive plans, allows the holders of our Class B common stock to have ten votes per share compared to the holders of our Class A common stock who will have one vote per share on these matters, subject to certain limitations.

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

As of December 31, 2014, our founders, including our Chairman, President and Chief Executive Officer, Dr. Seendripu, together control approximately 17% of our outstanding capital stock, representing approximately 61% of the voting power of our outstanding capital stock with respect to change of control matters and the adoption of or amendment to our equity incentive plans. Dr. Seendripu and the other founders therefore have significant influence over our management and affairs and over all matters requiring stockholder approval, including the election of two Class B directors and significant corporate transactions, such as a merger or other sale of MaxLinear or its assets, for the foreseeable future.

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

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

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

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

authorize our Board of Directors to issue, without further action by the stockholders, up to 25,000,000 shares of undesignated preferred stock;

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require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;

specify that special meetings of our stockholders can be called only by our Board of Directors, our Chairman of the Board of Directors, our President or by unanimous written consent of our directors appointed by the holders of Class B common stock;

establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our Board of Directors;

establish that our Board of Directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered terms and with one Class B director being elected to each of Classes II and III;

provide for a dual class common stock structure, which provides our founders, current investors, executives and employees with significant influence over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our Company or its assets;

provide that our directors may be removed only for cause;

provide that vacancies on our Board of Directors may be filled only by a majority of directors then in office, even though less than a quorum, other than any vacancy in the two directorships reserved for the designees of the holders of Class B common stock, which may be filled only by the affirmative vote of the holders of a majority of the outstanding Class B common stock or by the remaining director elected by the Class B common stock (with the consent of founders holding a majority in interest of the Class B common stock over which the founders then exercise voting control);

specify that no stockholder is permitted to cumulate votes at any election of directors; and

require supermajority votes of the holders of our common stock to amend specified provisions of our charter documents.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder.

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

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

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

- actual or anticipated fluctuations in our financial condition and operating results;

- overall conditions in the semiconductor market;

- addition or loss of significant customers;

- changes in laws or regulations applicable to our products;

- actual or anticipated changes in our growth rate relative to our competitors;

- announcements of technological innovations by us or our competitors;

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announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;

additions or departures of key personnel;

competition from existing products or new products that may emerge;

issuance of new or updated research or reports by securities analysts;

fluctuations in the valuation of companies perceived by investors to be comparable to us;

disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain intellectual property protection for our technologies;

announcement or expectation of additional financing efforts;

sales of our Class A or Class B common stock by us or our stockholders;

share price and volume fluctuations attributable to inconsistent trading volume levels of our shares; and

general economic and market conditions.

Furthermore, the stock markets recently have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our Class A common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

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

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

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. As of December 31, 2014, we had 30.9 million shares of Class A common stock and 7.0 million shares of Class B common stock outstanding.

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

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

Our Executive Incentive Bonus Plan permits the settlement of awards under the plan in the form of shares of its Class A common stock. For the 2013 and 2012 performance period, actual awards under the Executive Incentive Bonus Plan were settled in Class A common stock issued under our 2010 Equity Incentive Plan, as amended, with the number of shares issuable to plan participants determined based on the closing sales price of our Class A common stock as determined in trading on the New York Stock Exchange on May 9, 2014 and May 3, 2013, respectively. Additionally, we settled all bonus awards for all other employees for the 2013 and 2012 performance period in shares of its Class A

common stock. We issued 0.6 million shares

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of our Class A common stock for the 2013 performance period upon settlement of the bonus awards on May 9, 2014. We issued 0.8 million shares of our Class A common stock for the 2012 performance period upon settlement of the bonus awards on May 3, 2013. We intend to settle all bonus awards for employees for the 2014 performance period in shares of our Class A common stock. We cannot currently predict when the bonus awards will be settled, but we currently anticipate that approximately 0.4 million shares of our Class A common stock will be issued for the 2014 performance period. These shares may be freely sold in the public market immediately following the issuance of such shares and the issuance of such shares may have an adverse effect on our share price once they are issued.

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters occupy approximately 45,000 square feet in Carlsbad, California under a lease that expires in December 2019. All of our business and engineering functions are represented at our corporate headquarters, including a laboratory for research and development and manufacturing operations. In addition to our principal office space in Carlsbad, we have leased facilities for use as design centers in Irvine, Camarillo and San Jose in California; Atlanta in Georgia; Shanghai, and Shenzhen in China; Hsinchu in Taiwan; Seoul in South Korea; Tokyo in Japan; and Bangalore in India. We also have engineering support offices in Shenzhen in China; Caen in France; Tokyo in Japan; Hsinchu in Taiwan; and Seoul in South Korea. We believe that our current facilities are adequate to meet our ongoing needs and that additional facilities are available for lease to meet our future needs.

ITEM 3. LEGAL PROCEEDINGS

CrestaTech Litigation

On January 21, 2014, CrestaTech Technology Corporation, or CrestaTech, filed a complaint for patent infringement against us in the United States District Court of Delaware (the "District Court Litigation"). In its complaint, CrestaTech alleges that we infringe U.S. Patent Nos. 7,075,585 and 7,265,792. In addition to asking for compensatory damages, CrestaTech alleges willful infringement and seeks a permanent injunction. CrestaTech also names Sharp Corporation, Sharp Electronics Corp. and VIZIO, Inc. as defendants based upon their alleged use of our television tuners. On January 28, 2014, CrestaTech filed a complaint with the U.S. International Trade Commission, or ITC, alleging that we, Sharp, Sharp Electronics, and VIZIO, infringe the same patents asserted in the Delaware action. On May 16, 2014 the ITC granted CrestaTech's motion to file an amended complaint adding six OEM Respondents, namely, SIO International, Inc., Hon Hai Precision Industry Co., Ltd., Wistron Corp., Wistron Infocomm Technology (America) Corp., Top Victory Investments Ltd. and TPV International (USA), Inc. CrestaTech filed the amended complaint on June 12, 2014, alleging that our accused products are imported into and sold within the United States by, or on behalf of, us, Sharp, Sharp Electronics, VIZIO and the six OEM Respondents. Through its ITC complaints, CrestaTech seeks an exclusion order preventing entry into the United States of certain of our television tuners and televisions containing such tuners from Sharp, Sharp Electronics, and VIZIO. CrestaTech also seeks a cease and desist order prohibiting these defendants from engaging in the importation into, sale for importation into, the sale after importation of, or otherwise transferring within the United States certain of our television tuners or televisions containing such tuners. The target date for completing the ITC investigation is June 29, 2015. The District Court litigation is currently stayed. Notwithstanding the completion of the ITC trial and post-trial briefing, our overall litigation with CrestaTech is still in the early stages, and we have not recorded an accrual for loss contingencies associated with the litigation; determined that an unfavorable outcome is probable or reasonably possible; or determined that the amount or range of any possible loss is reasonably estimable.

Other Matters

In addition, from time to time, we are subject to threats of litigation or actual litigation in the ordinary course of business, some of which may be material. Other than the CrestaTech litigation described above, we believe that there are no

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other currently pending matters that, if determined adversely to us, would have a material effect on our business or that would not be covered by our existing liability insurance maintained by us.

Entropic Communications Merger Litigation

The Delaware Actions

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

The California Actions

Beginning on February 10, 2015, two stockholder class action complaints were filed in the Superior Court of the State of California County of San Diego on behalf of a putative class of Entropic stockholders and naming as defendants Entropic, the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC. Krasinski v. Entropic Communications, Inc., et al., Case No. 37-2015-00004613-CU-SL-CTL (Cal. Super. Ct. San Diego Cnty. filed Feb. 9, 2015); and Khoury v. Entropic Communications, Inc., et al., Case No. 37-2015-00004737-CU-SL-CTL (Cal. Super. Ct. San Diego Cnty. filed Feb. 11, 2015). The complaints generally allege that, in connection with the proposed acquisition of Entropic by MaxLinear, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that MaxLinear and the merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The complaints seek, among other things, an order enjoining the defendants from consummating the proposed transaction, an order rescinding, to the extent already implemented, the proposed transaction or any of its terms, or granting the class rescissory damages, damages, and attorneys’ fees and costs.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II — FINANCIAL INFORMATION

ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND
5. ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

In March 2010, we completed the initial public offering of our Class A common stock. Our Class A common stock is traded on the New York Stock Exchange, or NYSE, under the symbol MXL. The following table sets forth, for the periods indicated, the high and low sale prices for our Class A common stock as reported by the NYSE:

	Year Ended December 31, 2014	
	High	Low
First Quarter (January 1, 2014 to March 31, 2014)	\$11.32	\$8.94
Second Quarter (April 1, 2014 to June 30, 2014)	\$10.33	\$7.74
Third Quarter (July 1, 2014 to September 30, 2014)	\$10.80	\$6.63
Fourth Quarter (October 1, 2014 to December 31, 2014)	\$8.09	\$6.25
	Year Ended December 31, 2013	
	High	Low
First Quarter (January 1, 2013 to March 31, 2013)	\$6.40	\$5.07
Second Quarter (April 1, 2013 to June 30, 2013)	\$7.25	\$5.05
Third Quarter (July 1, 2013 to September 30, 2013)	\$9.05	\$6.70
Fourth Quarter (October 1, 2013 to December 31, 2013)	\$10.46	\$7.62

On December 31, 2014, the last reported sales price of our common stock was \$7.41 and, according to our transfer agent, as of February 13, 2015, there were 16 record holders of our Class A common stock and 56 record holders of our Class B common stock.

Our Class B common stock is not publicly traded. Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock and in most instances automatically converts upon sale or other transfer.

Dividend Policy

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our Board of Directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our Board of Directors may deem relevant.

Stock Performance Graph

Notwithstanding any statement to the contrary in any of our previous or future filings with the SEC, the following information relating to the price performance of our common stock shall not be deemed "filed" with the SEC or "Soliciting Material" under the Exchange Act, or subject to Regulation 14A or 14C, or to liabilities of Section 18 of the Exchange Act except to the extent we specifically request that such information be treated as soliciting material or to the extent we specifically incorporate this information by reference.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on The NYSE Composite Index and The Philadelphia Semiconductor Index. The period shown commences on March 23, 2010 and ends on December 31, 2014, the end of our last fiscal year. The graph assumes an investment of \$100 on March 23, 2010, and the reinvestment of any dividends. In addition, the graph assumes the value of our common stock on March 23, 2010 was the initial public offering price of \$14.00 per share.

The comparisons in the graph below are required by the Securities and Exchange Commission and are not intended to forecast or be indicative of possible future performance of our common stock.

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Recent Sales of Unregistered Securities

In the year ended December 31, 2014, we issued an aggregate of 0.05 million shares of our Class B common stock to certain employees upon the exercise of options awarded under our 2004 Stock Plan. We received aggregate proceeds of approximately \$0.04 million in the year ended December 31, 2014 as a result of the exercise of these options. We believe these transactions were exempt from the registration requirements of the Securities Act in reliance on Rule 701 thereunder as transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701. As of December 31, 2014, options to purchase an aggregate of 1.3 million shares of our Class B common stock remain outstanding. All issuances of shares of our Class B common stock pursuant to the exercise of these options will be made in reliance on Rule 701. All option grants made under the 2004 Stock Plan were made prior to the effectiveness of our initial public offering. No further option grants will be made under our 2004 Stock Plan.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering.

Each share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. In addition, each share of our Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our certificate of incorporation.

ITEM 6. SELECTED FINANCIAL DATA

We have derived the selected consolidated statement of operations data for the years ended December 31, 2014, 2013 and 2012 and selected consolidated balance sheet data as of December 31, 2014 and 2013 from our audited consolidated financial statements and related notes included elsewhere in this report. We have derived the statement of operations data for the years ended December 31, 2011 and 2010 and the balance sheet data as of December 31, 2012, 2011 and 2010 from our audited consolidated financial statements not included in this report. Our historical results are not necessarily indicative of the results to be expected for any future period. The following selected consolidated financial data should be read in

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conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this report.

	Years Ended December 31,				
	2014	2013	2012	2011	2010
	(in thousands, except per share amounts)				
Consolidated Statement of Operations Data:					
Net revenue	\$133,112	\$119,646	\$97,728	\$71,937	\$68,701
Cost of net revenue	51,154	46,683	37,082	26,690	21,560
Gross profit	81,958	72,963	60,646	45,247	47,141
Operating expenses:					
Research and development	56,625	53,132	46,458	40,157	27,725
Selling, general and administrative	34,191	32,181	27,254	20,216	15,915
Total operating expenses	90,816	85,313	73,712	60,373	43,640
Income (loss) from operations	(8,858)	(12,350)	(13,066)	(15,126)	3,501
Interest income	236	222	282	292	326
Interest expense	(15)	(4)	(53)	(69)	(29)
Other expense, net	(108)	(199)	(74)	(128)	(55)
Income (loss) before income taxes	(8,745)	(12,331)	(12,911)	(15,031)	3,743
Provision (benefit) for income taxes	(1,704)	402	341	6,993	(6,371)
Net income (loss)	(7,041)	(12,733)	(13,252)	(22,024)	10,114
Net income allocable to preferred stockholders	—	—	—	—	(1,215)
Net income (loss) attributable to common stockholders:	\$(7,041)	\$(12,733)	\$(13,252)	\$(22,024)	\$8,899
Net income (loss) per share attributable to common stockholders:					
Basic	\$(0.19)	\$(0.37)	\$(0.40)	\$(0.68)	\$0.33
Diluted	\$(0.19)	\$(0.37)	\$(0.40)	\$(0.68)	\$0.30
Shares used to compute net income (loss) per share:					
Basic	36,472	34,012	33,198	32,573	26,743
Diluted	36,472	34,012	33,198	32,573	29,478
	Years Ended December 31,				
	2014	2013	2012	2011	2010
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short- and long-term investments, available-for-sale	\$79,351	\$86,354	\$77,256	\$85,736	\$94,486
Working capital	67,668	56,558	68,450	76,585	95,444
Total assets	135,711	124,929	110,597	112,376	118,918
Capital lease obligations, net of current portion	—	—	—	2	18
Total stockholders’ equity	99,102	86,674	80,233	93,025	104,897

Table of ContentsITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
7. OPERATIONS

Forward-Looking Statements

The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included elsewhere in this report.

Overview

We are a provider of integrated, radio-frequency and mixed-signal integrated circuits for broadband communications and data center, metro, and long-haul transport network applications. Our high performance radio-frequency, or RF, receiver products capture and process digital and analog broadband signals to be decoded for various applications. These products include both RF receivers and RF receiver systems-on-chip, or SoCs, which incorporate our highly integrated radio system architecture and the functionality necessary to receive and demodulate broadband signals, and physical medium devices that provide a constant current source, current-to-voltage regulation, and data alignment and retiming functionality in optical interconnect applications. Our current products receive and process RF and digital signals and enable the display of broadband video and data content in a wide range of electronic devices, including cable and terrestrial and satellite set top boxes, DOCSIS data and voice gateways, and hybrid analog and digital televisions, satellite low-noise blocker transponders or outdoor units and optical modules for data center, metro, and long-haul transport network applications.

Our net revenue has grown from approximately \$0.6 million in fiscal 2006 to \$133.1 million in fiscal 2014. In 2014, our net revenue was derived primarily from sales of cable modems and gateways and global digital RF receiver products for analog and digital television applications. Our ability to achieve revenue growth in the future will depend, among other factors, on our ability to further penetrate existing markets; our ability to expand our target addressable markets by developing new and innovative products; and our ability to obtain design wins with device manufacturers, in particular manufacturers of set top boxes and cable modems and gateways for the cable and satellite industries. Products shipped to Asia accounted for 94%, 93% and 91% of net revenue in the years ended December 31, 2014, 2013 and 2012. A significant but declining portion of these sales in Asia is through distributors. Although a large percentage of our products are shipped to Asia, we believe that a significant number of the systems designed by these customers and incorporating our semiconductor products are then sold outside Asia. For example, we believe revenue generated from sales of our digital terrestrial set top box products during the years ended December 31, 2014, 2013 and 2012 related principally to sales to Asian set top box manufacturers delivering products into Europe, Middle East, and Africa, or EMEA, markets. Similarly, revenue generated from sales of our cable modem products during the years ending December 31, 2014, 2013 and 2012 related principally to sales to Asian ODM's and contract manufacturers delivering products into European and North American markets. To date, all of our sales have been denominated in United States dollars.

A significant portion of our net revenue has historically been generated by a limited number of customers. During the year ended December 31, 2014, Arris accounted for 31% of our net revenue, and our ten largest customers collectively accounted for 67% of our net revenue. During the year ended December 31, 2013, Arris accounted for 28% of our net revenue, and our ten largest customers collectively accounted for 72% of our net revenue. Sales to Arris as a percentage of revenue include sales to Motorola Home, which was acquired by Arris in April 2013, for the years ended December 31, 2014 and 2013. For certain customers, we sell multiple products into disparate end user applications such as cable modems and cable set-top boxes.

Our business depends on winning competitive bid selection processes, known as design wins, to develop semiconductors for use in our customers' products. These selection processes are typically lengthy, and as a result, our sales cycles will vary based on the specific market served, whether the design win is with an existing or a new customer and whether our product being designed in our customer's device is a first generation or subsequent

generation product. Our customers' products can be complex and, if our engagement results in a design win, can require significant time to define, design and result in volume production. Because the sales cycle for our products is long, we can incur significant design and development expenditures in circumstances where we do not ultimately recognize any revenue. We do not have any long-term purchase commitments with any of our customers, all of whom purchase our products on a purchase order basis. Once one of our products is incorporated into a customer's design, however, we believe that our product is likely to remain a component of the customer's product for its life cycle because of the time and expense associated with redesigning the product or substituting an alternative chip. Product life cycles in our target markets will vary by application. For example, in the hybrid television market, a design-in can have a product life cycle of 9 to 18 months. In the terrestrial retail digital set top box market, a design-in can have a product life cycle

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of 18 to 24 months. In the cable operator modem and gateway sectors, a design-in can have a product life cycle of 24 to 48 months. In the satellite operator gateway and outdoor unit sectors, a design-in can have a product life cycle of 24 to 60 months and beyond.

Recent Developments

On February 3, 2015, we entered into a definitive agreement and plan of merger and reorganization with Entropic Communications, Inc., or Entropic, under which we agreed to acquire all of the outstanding capital stock of Entropic in a cash and stock transaction. If the merger is consummated, each outstanding share of Entropic's common stock will be converted into the right to receive \$1.20 in cash and 0.2200 of a share of our Class A common stock; existing holders of our Class A and Class B common stock are expected to hold approximately 65% of the outstanding capital stock of the combined company, and current holders of Entropic's common stock are expected to hold approximately 35% of the outstanding capital stock of the combined company (ignoring for this purpose the special voting rights that holders of our Class B common stock will continue to hold after the merger). Consummation of the merger is subject to separate approvals by our stockholders and the stockholders of Entropic, regulatory approvals, and other customary closing conditions. For a more complete description of the terms and conditions of the merger, please refer to our Current Report on Form 8-K filed with the Securities and Exchange Commission on February 4, 2015. A copy of the definitive merger agreement is filed as Exhibit 2.1 to the Form 8-K.

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

We believe our acquisition of Entropic will add significant scale to our analog/mixed-signal business, expanding our addressable market and enhancing the strategic value of our offerings to our broadband and access partners, OEM customers, and service providers. For a discussion of specific risks and uncertainties that could affect our ability to achieve these and other strategic objectives of the acquisition, please refer to Part I, Item 1A, “Risk Factors” under the subsection captioned “Risks Relating to the Proposed Acquisition of Entropic.”

Critical Accounting Policies and Estimates

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

Materially different results can occur as circumstances change and additional information becomes known.

We believe that the following accounting policies involve a greater degree of judgment and complexity than our other accounting policies. Accordingly, these are the policies we believe are the most critical to understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

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

Revenue is recorded based on the facts at the time of sale. Transactions for which we cannot reliably estimate the amount that will ultimately be collected at the time the product has shipped and title has transferred to the customer are deferred until the amount that is probable of collection can be determined. Items that are considered when determining the amounts that will be ultimately collected are: a customer’s overall creditworthiness and payment

history, customer rights to return unsold product, customer rights to price protection, customer payment terms conditioned on sale or use of product by the customer, or extended payment terms granted to a customer.

A portion of our revenues are generated from sales made through distributors under agreements allowing for pricing credits and/or stock rotation rights of return. Revenues from sales through our distributors accounted for 28% and 29% of net

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revenue in the years ended December 31, 2014, and December 31, 2013, respectively. Pricing credits to our distributors may result from our price protection and unit rebate provisions, among other factors. These pricing credits and/or stock rotation rights prevent us from being able to reliably estimate the final sales price of the inventory sold and the amount of inventory that could be returned pursuant to these agreements. As a result, for sales through distributors, we have determined that it does not meet all of the required revenue recognition criteria at the time we deliver our products to distributors as the final sales price is not fixed or determinable.

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

We record reductions in revenue for estimated pricing adjustments related to price protection agreements with our end customers in the same period that the related revenue is recorded. Price protection pricing adjustments are recorded at the time of sale as a reduction to revenue and an increase in our accrued liabilities. The amount of these reductions is based on specific criteria included in the agreements and other factors known at the time. We accrue 100% of potential price protection adjustments at the time of sale and do not apply a breakage factor. We reverse the accrual for unclaimed price protection amounts as specific programs contractually end or when we believe unclaimed amounts are no longer subject to payment and will not be paid. See Note 4 for a summary of our price protection activity.

Allowance for Doubtful Accounts

We perform ongoing credit evaluations of our customers and adjust credit limits based on each customers' credit worthiness, as determined by our review of current credit information. We monitor collections and payments from our customers and maintain an allowance for doubtful accounts based upon our historical experience, our anticipation of uncollectible accounts receivable and any specific customer collection issues that we have identified. While our credit losses have historically been insignificant, we may experience higher credit loss rates in the future than we have in the past. Our receivables are concentrated in relatively few customers. Therefore, a significant change in the liquidity or financial position of any one significant customer could make collection of our accounts receivable more difficult, require us to increase our allowance for doubtful accounts and negatively affect our working capital.

Inventory Valuation

We assess the recoverability of our inventory based on assumptions about demand and market conditions. Forecasted demand is determined based on historical sales and expected future sales. Inventory is stated at the lower of cost or market. Cost approximates actual cost on a first-in, first-out basis and market reflects current replacement cost (e.g. net replacement value) which cannot exceed net realizable value or fall below net realizable value less an allowance for an approximately normal profit margin. We reduce our inventory to its lower of cost or market on a part-by-part basis to account for its obsolescence or lack of marketability. Reductions are calculated as the difference between the cost of inventory and its market value based upon assumptions about future demand and market conditions. Once established, these adjustments are considered permanent and are not revised until the related inventory is sold or disposed of. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required that may adversely affect our operating results. If actual market conditions are more favorable, we may have higher gross profits when products are sold.

Production Masks

Production masks with alternative future uses or discernible future benefits are capitalized and amortized over their estimated useful life of two years. To determine if the production mask has alternative future uses or benefits, we evaluate risks associated with developing new technologies and capabilities, and the related risks associated with

entering new markets. Production masks that do not meet the criteria for capitalization are expensed as research and development costs.

Goodwill and Intangible Assets

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the acquired net tangible and intangible assets. Intangible assets represent purchased intangible assets including developed technology and in-process research and development, or IPR&D, and technologies acquired or licensed from other

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companies. Purchased intangible assets with definitive lives are capitalized and amortized over their estimated useful life. Technologies acquired or licensed from other companies are capitalized and amortized over the greater of the terms of the agreement, or estimated useful life, not to exceed three years. We capitalize IPR&D projects acquired as part of a business combination. On completion of each project, IPR&D assets are reclassified to developed technology and amortized over their estimated useful lives.

Impairment of Goodwill and Long-Lived Assets

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

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

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

Income Taxes

We provide for income taxes utilizing the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes generally represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from the differences between the financial and tax bases of our assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when a judgment is made that is considered more likely than not that a tax benefit will not be realized. A decision to record a valuation allowance results in an increase in income tax expense or a decrease in income tax benefit. If the valuation allowance is released in a future period, income tax expense will be reduced accordingly.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex global tax regulations. The impact of an uncertain income tax position is recognized at the largest amount that is "more likely than not" to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We will continue to assess the need for a valuation allowance on the deferred tax asset by evaluating both positive and negative evidence that may exist. Any adjustment to the net deferred tax asset valuation allowance would be recorded in the income statement for the period that the adjustment is determined to be required.

Stock-Based Compensation

We measure the cost of employee services received in exchange for equity incentive awards, including stock options, employee stock purchase rights, restricted stock units and restricted stock awards based on the grant date fair value of the award. We use the Black-Scholes valuation model to calculate the fair value of stock options and employee stock purchase

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rights granted to employees. We calculate the fair value of restricted stock units and restricted stock awards based on the fair market value of our Class A common stock on the grant date. Stock-based compensation expense is recognized over the period during which the employee is required to provide services in exchange for the award, which is usually the vesting period. We recognize compensation expense over the vesting period using the straight-line method and classify these amounts in the statements of operations based on the department to which the related employee reports. We calculate the weighted-average expected life of options using the simplified method as prescribed by guidance provided by the Securities and Exchange Commission. This decision was based on the lack of historical data due to our limited number of stock option exercises under the 2010 Equity Incentive Plan. We will continue to assess the appropriateness of the use of the simplified method as we develop a history of option exercises. We account for stock options issued to non-employees in accordance with authoritative guidance for equity based payments to non-employees. Stock options issued to non-employees are accounted for at their estimated fair value determined using the Black-Scholes option-pricing model. The fair value of options granted to non-employees is re-measured as they vest, and the resulting increase in value, if any, is recognized as expense during the period the related services are rendered. We calculate the fair value of restricted stock units issued to non-employees based on the fair market value of our Class A common stock on the grant date and the resulting stock-based compensation expense is recognized over the period during which the non-employee is required to provide services in exchange for the award, which is usually the vesting period.

Results of Operations

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

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

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

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

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

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

Interest Expense. Interest expense consists primarily of imputed interest on i) the purchase of licensed technology and ii) property and equipment capital leases.

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

Provision (Benefit) for Income Taxes. We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expenses for tax and financial statement purposes and the realizability of assets in future years. Benefit for income taxes for the year ended December 31, 2014 primarily relates to a valuation allowance release resulting in a tax benefit of \$2.3 million due to

the purchase accounting adjustment for the net deferred tax liability acquired from Physpeed and income tax in foreign jurisdictions. Income tax expense for the year ended December 31, 2013 and 2012, primarily relates to income tax in foreign jurisdictions. Income tax expense for the year ended December 31, 2011 is primarily due to the establishment of a valuation allowance on the net federal deferred tax asset in the third quarter of 2011.

The following table sets forth our consolidated statement of operations data as a percentage of net revenue for the

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periods indicated.

	Years Ended December 31,					
	2014		2013		2012	
Net revenue	100	%	100	%	100	%
Cost of net revenue	38		39		38	
Gross profit	62		61		62	
Operating expenses:						
Research and development	42		44		47	
Selling, general and administrative	26		27		28	
Total operating expenses	68		71		75	
Loss from operations	(6	)	(10	)	(13)
Interest income	—		—		—	
Interest expense	—		—		—	
Other expense, net	—		—		—	
Loss before income taxes	(6	)	(10	)	(13)
Provision (benefit) for income taxes	(1)	—		—	
Net loss	(5	)%	(10	)%	(13)%

Comparison of the Years Ended December 31, 2014, 2013 and 2012

Net Revenue

	Years Ended December 31,			% Change		
	2014	2013	2012	2014	2013	
	(dollars in thousands)					
Cable	\$86,172	\$81,284	\$61,725	6	% 32	%
% of net revenue	65	% 68	% 63	%		
Terrestrial	\$46,940	\$38,362	\$36,003	22	% 7	%
% of net revenue	35	% 32	% 37	%		
Total net revenue	\$133,112	\$119,646	\$97,728	11	% 22	%

The increase in net revenue for the year ended December 31, 2014, as compared to the year ended December 31, 2013, was primarily due to an increase in revenue from cable and terrestrial products of \$4.9 million and \$8.6 million, respectively. Growth in terrestrial applications for the year ended December 31, 2014 was primarily driven by growth in terrestrial set-top box applications and, to a lesser extent, growth in hybrid TV and satellite applications. Cable product growth of \$4.9 million for the year ended December 31, 2014 was driven by DOCSIS 3.0 data applications and, to a lesser extent, DTA applications, which offset declines in media server and other video applications.

The increase in net revenue for the year ended December 31, 2013, as compared to the year ended December 31, 2012, was primarily due to an increase in revenue from cable and terrestrial products of \$19.6 million and \$2.4 million, respectively. The majority of the growth in cable revenue for the year ended December 31, 2013 was attributable to sales into DOCSIS 3.0 cable modems and video server-gateway applications. The growth in terrestrial revenue for the year ended December 31, 2013 was driven primarily by hybrid TV tuner applications offset by decreases in our automotive and terrestrial STB applications.

The demand for our cable and terrestrial products will depend on several factors, including the rate of worldwide transition from analog-to-digital terrestrial and cable television broadcast, and, with respect to our cable products, the growth in demand, if any, for high speed DOCSIS 3.0 cable broadband connectivity and related multimedia content and services.

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Cost of Net Revenue and Gross Profit

	Years Ended December 31,			% Change		
	2014	2013	2012	2014	2013	
	(dollars in thousands)					
Cost of net revenue	\$51,154	\$46,683	\$37,082	10	% 26	%
% of net revenue	38	% 39	% 38	%		
Gross profit	\$81,958	\$72,963	\$60,646	12	% 20	%
% of net revenue	62	% 61	% 62	%		

The increase in the gross profit percentage for the year ended December 31, 2014 as compared to the year ended December 31, 2013 was primarily due to the absence of production mask impairments of \$1.1 million in the year ended December 31, 2014, which was offset by an increase in sales of lower margin products, as well as declines in average selling prices of certain key products across both cable and terrestrial applications declining at a quicker rate than declines in their average manufacturing costs.

The decrease in the gross profit percentage for the year ended December 31, 2013 as compared to the year ended December 31, 2012 was due to the average selling prices of certain key products declining at a quicker rate than declines in their average manufacturing costs, partially offset by an increase in sales of higher margin products. A \$1.1 million impairment of production masks that were previously capitalized, but for which future use is no longer expected, and a \$0.4 million increase in excess and obsolete inventory reserves also contributed to the decrease in the gross profit percentage for the year ended December 31, 2013.

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

Research and Development

	Years Ended December 31,			% Change		
	2014	2013	2012	2014	2013	
	(dollars in thousands)					
Research and development	\$56,625	\$53,132	\$46,458	7	% 14	%
% of net revenue	42	% 44	% 47	%		

The increase in research and development expense for the year ended December 31, 2014, as compared to the year ended December 31, 2013, was primarily due to a \$4.4 million increase in headcount-related items (including stock-based compensation) and combined increases in design tools and occupancy expenses of \$1.5 million, offset by a decrease in performance based compensation of \$1.4 million and prototype expenses of \$1.0 million. In 2014, headcount-related items increased primarily due to increases in our average full-time-equivalent headcount compared to prior year. The non-headcount related increases are primarily due to increased project related design tools usage and several facilities relocation and facilities expansions in Bangalore, India and Carlsbad, California.

The increase in research and development expense for the year ended December 31, 2013, as compared to the year ended December 31, 2012, was primarily due to a \$6.5 million increase in headcount-related items (including stock-based compensation). In 2013 and 2012, headcount-related items (including stock-based compensation) increased due to increases in our average full-time-equivalent headcount compared to prior year, expenses related to our employee bonus plan and an increase in employee healthcare costs.

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

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Selling, General and Administrative

	Years Ended December 31,			% Change		
	2014	2013	2012	2014	2013	
	(dollars in thousands)					
Selling, general and administrative	\$34,191	\$32,181	\$27,254	6	% 18	%
% of net revenue	26	% 27	% 28	%		

The increase in selling, general and administrative expense for the year ended December 31, 2014, as compared to the year ended December 31, 2013, was primarily attributable to a \$1.9 million increase in headcount-related items (including stock-based compensation) and combined increases in professional, consulting and outside services, travel-related, and occupancy expenses of \$2.0 million, offset by a decrease in performance based compensation of \$0.3 million and non-recurring legal expenses of \$1.6 million. In 2014, headcount-related items increased primarily due to increases in our average full-time-equivalent headcount compared to prior year. The non-headcount related increases are primarily due to our acquisition of Physpeed and several facilities relocation and facilities expansions in Bangalore, India and Carlsbad, California. Non-recurring legal fees decreased due to the completion of our litigation with Silicon Laboratories in the prior year.

The increase in selling, general and administrative expense for the year ended December 31, 2013, as compared to the year ended December 31, 2012, was primarily attributable to increases in headcount-related items (including stock-based compensation) and incremental legal expense related to our completed litigation with Silicon Laboratories. Headcount-related items (including stock-based compensation) increased \$3.0 million. These increases are primarily due to increases in our average full-time-equivalent headcount compared to the prior year and increases in employee healthcare costs. Non-recurring legal expenses (including the \$1.25 million one-time payment related to the settlement agreement) increased \$2.2 million for the year ended December 31, 2013.

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

Interest and Other Income (Expense)

	Years Ended December 31,		
	2014	2013	2012
Interest income	\$236	\$222	\$282
Interest expense	(15)	(4)	(53)
Other expense, net	(108)	(199)	(74)

Interest income increased in 2014 compared to 2013 due to higher cash equivalent and investment balances. Interest income decreased in 2013 compared to 2012 due to lower yields on cash equivalent and investment balances. Interest expense decreased in 2013 compared to 2012 due to a reduction in our capital leases which were completed in 2013. Other expense, net in 2014, 2013 and 2012 consisted primarily of losses on foreign currency transactions and investment management fees.

Provision (Benefit) for Income Taxes

	Years Ended December 31,		
	2014	2013	2012
Provision (benefit) for income taxes	\$(1,704)	\$402	\$341

The benefit for income taxes for the year ended December 31, 2014 was \$(1.7) million or approximately 19.5% of pre-tax loss compared to the provision for income taxes of \$0.4 million or approximately (3.3)% of pre-tax loss for the year ended December 31, 2013. The benefit for income taxes for the year ended December 31, 2014 primarily relates to a valuation allowance release resulting in a tax benefit of \$2.3 million due to the purchase accounting adjustment for the net deferred tax liability acquired from Physpeed and income tax in foreign jurisdictions. We continue to maintain a valuation allowance to offset the federal and California deferred tax assets as realization of such assets does not meet the more-likely-than-not threshold required under accounting guidelines. We will continue to assess the need

for a valuation allowance on the deferred

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tax assets by evaluating positive and negative evidence that may exist. Until such time that we remove the valuation allowance against our federal and California deferred tax assets, our provision for income taxes will primarily consist of taxes associated with our foreign subsidiaries.

The provision for income taxes for the year ended December 31, 2013 was \$0.4 million or approximately (3.3)% of pre-tax loss compared to \$0.3 million or approximately (2.6)% of pre-tax loss for the year ended December 31, 2012.

The provision for income taxes for the year ended December 31, 2013 and 2012 primarily relates to income tax in foreign jurisdictions.

Liquidity and Capital Resources

As of December 31, 2014, we had cash and cash equivalents of \$20.7 million, short- and long-term investments of \$58.7 million, and net accounts receivable of \$18.5 million.

Our primary uses of cash are to fund operating expenses, purchases of inventory and the acquisition of property and equipment. Cash used to fund operating expenses excludes the impact of non-cash items such as depreciation and stock-based compensation and is impacted by the timing of when we pay these expenses as reflected in the change in our outstanding accounts payable and accrued expenses.

Our primary sources of cash are cash receipts on accounts receivable from our shipment of products to distributors and direct customers. Aside from the growth in amounts billed to our customers, net cash collections of accounts receivable are impacted by the efficiency of our cash collections process, which can vary from period to period depending on the payment cycles of our major distributor customers.

Following is a summary of our working capital and cash and cash equivalents for the periods indicated:

	Years Ended December 31,	
	2014	2013
	(in thousands)	
Working capital	\$67,668	\$56,558
Cash and cash equivalents	20,696	26,450
Short-term investments	48,399	35,494
Long-term investments	10,256	24,410
Total cash and cash equivalents and investments	\$79,351	\$86,354
Stock Repurchase		

In the year ended December 31, 2012, the Company's board of directors and the audit committee of the Company's board of directors approved the repurchase and retirement of 1.2 million shares of the Company's Class A common stock and the repurchase and retirement of 1.0 million shares of the Company's Class B common stock. The Company effected the repurchases pursuant to a stock repurchase agreement. The per share repurchase price for both Class A and Class B shares repurchased was the closing price of the Company's Class A common stock in trading on the New York Stock Exchange on the date of the agreement. The aggregate repurchase price was \$12.1 million. There were no stock repurchases in the year ended December 31, 2014 and 2013.

Other than the transactions disclosed above, the Company's board of directors has not authorized any stock repurchase program, and the Company has no current plans to effect any open-market purchases of its Class A common stock or other repurchases of its Class B common stock from two of its shareholders.

Following is a summary of our cash flows provided by (used in) operating activities, investing activities and financing activities for the periods indicated:

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	Years Ended December 31,		
	2014	2013	2012
	(dollars in thousands)		
Net cash provided by operating activities	\$12,234	\$12,890	\$7,544
Net cash used in investing activities	(17,466)	(9,537)	(4,191)
Net cash provided by (used in) by financing activities	(506)	1,270	(9,577)
Effect of exchange rates on cash and cash equivalents	(16)	17	8
Net increase (decrease) in cash and cash equivalents	\$(5,754)	\$4,640	\$(6,216)

Cash Flows from Operating Activities

Net cash provided by operating activities in 2014 was \$12.2 million. Net cash provided by operating activities primarily consisted of \$0.7 million in changes in operating assets and liabilities and \$18.6 million in non-cash operating expenses, partially offset by a net loss of \$7.0 million. Non-cash items included in net loss for the year ended December 31, 2014 included depreciation and amortization expense of \$5.1 million, amortization of net investment premiums of \$0.7 million, stock-based compensation of \$15.0 million, and impairment of long-lived assets of \$0.03 million.

Net cash provided by operating activities in 2013 was \$12.9 million. Net cash provided by operating activities primarily consisted of \$6.9 million in changes in operating assets and liabilities and \$18.7 million in non-cash operating expenses, partially offset by a net loss of \$12.7 million. Non-cash items included in net loss for the year ended December 31, 2013 included depreciation and amortization expense of \$3.7 million, amortization of net investment premiums of \$1.0 million, stock-based compensation of \$13.0 million, and impairment of long-lived assets of \$1.2 million.

Net cash provided by operating activities in 2012 was \$7.5 million. Net cash provided by operating activities primarily consisted of \$6.0 million in changes in operating assets and liabilities and \$14.8 million in non-cash operating expenses, partially offset by a net loss of \$13.3 million. Included in changes in operating assets and liabilities were incremental accruals related to legal expenses for our Silicon Laboratories, or Silicon Labs, litigation as well as a reduction in the accrual related to estimated fines and penalties related to a previously disclosed export compliance matter. Non-cash items included in net loss for the year ended December 31, 2012 included depreciation and amortization expense of \$3.5 million amortization of net investment premiums of \$1.1 million, stock-based compensation of \$10.0 million and an impairment of long-lived assets of \$0.2 million.

Cash Flows from Investing Activities

Net cash used in investing activities in 2014 was \$17.5 million. Net cash used in investing activities primarily consisted of \$56.7 million in purchases of securities, \$8.8 million in purchases of property and equipment and \$9.1 million cash used in acquisition, offset by \$57.2 million in maturities of securities.

Net cash used in investing activities in 2013 was \$9.5 million. Net cash used in investing activities primarily consisted of \$70.6 million in purchases of securities, \$3.2 million in purchases of property and equipment and \$1.0 million in purchases of intangibles, offset by \$65.2 million in maturities of securities.

Net cash used in investing activities in 2012 was \$4.2 million. Net cash used in investing activities primarily consisted of \$89.2 million in maturities of securities, offset by \$87.9 million in purchases of securities, \$5.1 million in purchases of property and equipment and \$0.4 million in purchases of intangibles.

Cash Flows from Financing Activities

Net cash used in financing activities in 2014 was \$0.5 million. Net cash used in financing activities consisted primarily of proceeds from issuance of common stock of \$3.3 million partially offset by \$3.8 million in minimum tax withholding paid on behalf of employees for restricted stock units and payments on capital leases.

Net cash provided by financing activities in 2013 was \$1.3 million. Net cash provided by financing activities consisted primarily of proceeds from issuance of common stock of \$2.6 million partially offset by \$1.4 million in minimum tax withholding paid on behalf of employees for restricted stock units and payments on capital leases.

Net cash used in financing activities in 2012 was \$9.6 million. Net cash used in financing activities consisted primarily of repurchases of common stock of \$12.1 million and \$0.2 million in minimum tax withholding paid on

behalf of employees for restricted stock units, offset by proceeds from issuance of common stock of \$2.7 million.

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We believe that our \$20.7 million of cash and cash equivalents and \$58.7 million in short- and long-term investments at December 31, 2014 will be sufficient to fund our projected operating requirements for at least the next twelve months. Our cash and cash equivalents as of December 31, 2014 have been favorably affected by our implementation of an equity-based bonus program. In connection with that bonus program, in May 2014, we issued approximately 0.6 million freely-tradable shares of our Class A common stock in settlement of bonus awards for the fiscal 2013 performance period under our bonus plan. At December 31, 2014, an accrual of \$3.1 million was recorded for bonus awards for employees for the 2014 performance period, which we intend to settle in shares of our Class A common stock issued under its 2010 Equity Incentive Plan, as amended, with the number of shares issuable to plan participants determined based on the closing sales price of our Class A common stock as determined in trading on the New York Stock Exchange at a date to be determined, but our compensation committee retains discretion to effect payment in cash, stock, or a combination of cash and stock.

Notwithstanding the foregoing, we may need to raise additional capital or incur additional indebtedness to continue to fund our operations in the future. In particular, as disclosed under the caption “Risks Relating to the Proposed Acquisition of Entropic” on page 12, we may determine that we need to seek additional funding as our liquidity may be adversely affected as a result of the payment of the cash portion of the merger consideration. Our future capital requirements will depend on many factors, including our rate of revenue growth, the expansion of our engineering, sales and marketing activities, the timing and extent of our expansion into new territories, the timing of introductions of new products and enhancements to existing products, the continuing market acceptance of our products and potential material investments in, or acquisitions of, complementary businesses, services or technologies. Additional funds may not be available on terms favorable to us or at all. If we are unable to raise additional funds when needed, we may not be able to sustain our operations.

The proposed acquisition of Entropic may result in us entering into some form of debt facility to ensure appropriate levels of liquidity for operating the business.

Contractual Obligations, Commitments and Contingencies

The following table summarizes our outstanding contractual obligations as of December 31, 2014:

	Payments Due by Period					2019 and Thereafter
	Total (in thousands)	2015	2016	2017	2018	
Operating lease obligations	\$6,127	\$1,679	\$1,381	\$1,348	\$1,017	\$702
Other obligations	4,158	3,250	908	—	—	—
Inventory purchase obligations	10,139	10,139	—	—	—	—
Total contractual obligations	\$20,424	\$15,068	\$2,289	\$1,348	\$1,017	\$702

Other obligations represent purchase commitments for software licensing agreements, information systems infrastructure and other commitments made in the ordinary course of business.

We are unable to make a reasonably reliable estimate as to when or if cash settlement with taxing authorities will occur for our unrecognized tax benefits. Therefore, our unrecognized tax benefits of \$10.8 million are not included in the table above.

Warranties and Indemnifications

In connection with the sale of products in the ordinary course of business, we often make representations affirming, among other things, that our products do not infringe on the intellectual property rights of others, and agree to indemnify customers against third-party claims for such infringement. Further, our certificate of incorporation and bylaws require us to indemnify our officers and directors against any action that may arise out of their services in that capacity, and we have also entered into indemnification agreements with respect to all of our directors and certain controlling persons. As of December 31, 2014 and 2013, no expenses were incurred under such provisions. As of December 31, 2012, we incurred expenses of \$0.3 million under such provisions related to a previously disclosed export compliance matter.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, or SPEs, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of December 31, 2014, we were not involved in any unconsolidated SPE transactions.

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Recent Accounting Pronouncements

For additional information regarding recently adopted and issued accounting pronouncements, see Note 1 of the notes to consolidated financial statements contained within this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

To date, our international customer and vendor agreements have been denominated almost exclusively in United States dollars. Accordingly, we have limited exposure to foreign currency exchange rates and do not enter into foreign currency hedging transactions. The functional currency of certain foreign subsidiaries is the local currency.

Accordingly, the effects of exchange rate fluctuations on the net assets of these foreign subsidiaries' operations are accounted for as translation gains or losses in accumulated other comprehensive income within stockholders' equity.

We do not believe that a change of 10% in such foreign currency exchange rates would have a material impact on our financial position or results of operations.

Interest Rate Risk

We had cash and cash equivalents of \$20.7 million at December 31, 2014 which was held for working capital purposes. We do not enter into investments for trading or speculative purposes. We do not believe that we have any material exposure to changes in the fair value of these investments as a result of changes in interest rates due to their short-term nature. Declines in interest rates, however, will reduce future investment income.

Investments Risk

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this item are included in Part IV, Item 15 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure and Procedures

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

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to filing this Form 10-K, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Form 10-K. Based on their evaluation, our principal

executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Form 10-K.

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Management's Annual Report on Internal Controls over Financial Reporting

Our management, including our principal executive officer and principal financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management, including our principal executive officer and principal financial officer, evaluated the effectiveness of our internal control over financial reporting based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based upon that evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2014. The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by Ernst & Young LLP, an independent registered public accounting firm, and Ernst & Young LLP has issued a report on our internal control over financial reporting, as stated within their report which is included herein.

Changes in Internal Control over Financial Reporting

An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, to determine whether any change in our internal control over financial reporting occurred during the fiscal quarter ended December 31, 2014 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We did not identify any change in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2014 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of MaxLinear, Inc.

We have audited MaxLinear, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). MaxLinear, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, MaxLinear, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of MaxLinear, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014 and the financial statement schedule listed in the Index at Item 15(a)(2) of MaxLinear, Inc. and our report dated February 23, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Irvine, California
February 23, 2015

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ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 with respect to our directors and executive officers is incorporated by reference from the information set forth under the captions “Proposal Number 1 — Election of Class III Director By Class A Common Stock and Class B Common Stock”, “Proposal Number 2 — Election of Class III Director By Class B Common Stock” and “Executive Officers” in our Definitive Proxy Statement to be filed in connection with our 2015 Annual Meeting of Stockholders, or the 2015 Proxy Statement, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2014.

Item 405 of Regulation S-K calls for disclosure of any known late filing or failure by an insider to file a report required by Section 16(a) of the Exchange Act. This information is contained under the caption “Related Person Transactions and Section 16(a) Beneficial Ownership Reporting Compliance” in the 2015 Proxy Statement and is incorporated herein by reference.

Code of Conduct

We have adopted a code of ethics and employee conduct that applies to our board of directors and all of our employees, including our chief executive officer and principal financial officer.

Our code of conduct is available at our website by visiting www.maxlinear.com and clicking through “Investors,” “Corporate Governance,” and “Code of Conduct.” When required by the rules of the New York Stock Exchange, or NYSE, or the Securities and Exchange Commission, or SEC, we will disclose any future amendment to, or waiver of, any provision of the code of conduct for our chief executive officer and principal financial officer or any member or members of our board of directors on our website within four business days following the date of such amendment or waiver.

The information required by Item 10 with respect to our audit committee is incorporated by reference from the information set forth under the caption “Corporate Governance and Board of Directors — Board Committees” in the 2015 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the information set forth under the captions “Compensation of Non-Employee Directors” and “Executive Compensation,” in our 2015 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is incorporated by reference from the information set forth under the captions “Executive Compensation — Equity Compensation Plan Information” and “Security Ownership,” in our 2015 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated by reference from the information set forth under the captions “Corporate Governance and Board of Directors — Director Independence” and “Related Person Transactions and Section 16(a) Beneficial Ownership Reporting Compliance,” in our 2015 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated by reference from the information set forth under the caption “Proposal Number 4 — Ratification of Appointment of Independent Registered Public Accounting Firm,” in our 2015 Proxy Statement.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

a) Documents filed as part of the report

1. Financial Statements

Our consolidated financial statements are attached hereto and listed on the Index to Consolidated Financial Statements set forth on page F-1 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

Schedule II. Valuation and Qualifying Accounts—Years ended December 31, 2014, 2013 and 2012

All other schedules are omitted as the required information is inapplicable, or the information is presented in the financial statements or related notes.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS (in thousands):

Classification	Balance at beginning of year	Additions charged to expenses	(Deductions)	Balance at end of year
Allowance for doubtful accounts				
2014	\$57	\$—	\$—	\$57
2013	132	—	(75)	57
2012	—	132	—	132
Inventory reserves				
2014	\$533	\$39	\$(222)	\$350
2013	152	533	(152)	533
2012	117	127	(92)	152
Valuation allowance for deferred tax assets				
2014	\$28,628	\$3,106	\$(2,335)	\$29,399
2013	22,243	6,385	—	28,628
2012	16,029	6,214	—	22,243

3. Exhibits

Exhibit Number Exhibit Title

3.1	Registrant's Amended and Restated Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware on March 29, 2010 (incorporated by reference to Exhibit 3.5 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
3.2	Registrant's Amended and Restated Bylaws (incorporated by reference to Exhibit 3.8 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
4.1	Specimen common stock certificate of Registrant (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
+10.1	Form of Director and Executive Officer Indemnification Agreement (incorporated by reference to Exhibit 10.1 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
+10.2	Form of Director and Controlling Person Indemnification Agreement (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
+10.3	2004 Stock Plan, as amended (incorporated by reference to Exhibit 10.3 of the Registrant's Annual Report on Form 10-K filed on February 6, 2013 (File No. 001-34666)).
+10.4	Form of Stock Option Agreement under the 2004 Stock Plan (incorporated by reference to Exhibit 10.4 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).

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+10.5	Amendment No. 1 to the form of Stock Option Agreement under the 2004 Stock Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
+10.6	2010 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K filed on May 23, 2014 (File No. 001-34666)).
+10.7	Form of Agreement under the 2010 Equity Incentive (incorporated by reference to Exhibit 10.10 of the Registrant's Quarterly Report on Form 10-Q filed on July 28, 2011 (File No. 001-34666)).
+10.8	2010 Employee Stock Purchase Plan, as amended (incorporated by reference to Exhibit 10.8 of the Registrant's Annual Report on Form 10-K filed on February 6, 2013 (File No. 001-34666)).
+10.9	Employment Offer Letter, dated December 20, 2010, between the Registrant and Adam C. Spice (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K filed on December 28, 2010).
+10.10	Employment Offer Letter, dated June 24, 2011, between the Registrant and Brian Sprague (incorporated by reference to Exhibit 10.10 of the Registrant's Quarterly Report on Form 10-Q filed on July 28, 2011 (File No. 001-34666)).
+10.11	Employment Offer Letter, dated September 12, 2011, by and between the Registrant and Justin Scarpulla (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on March 15, 2012 (File No. 001-34666)).
+10.12	Form of Change in Control Agreement for Chief Executive Officer and Chief Financial Officer (incorporated by reference to Exhibit 10.12 of the Registrant's Quarterly Report on Form 10-Q filed on May 1, 2013 (File No. 333-34666)).
+10.13	Form of Change in Control Agreement for Executive Officers (incorporated by reference to Exhibit 10.13 of the Registrant's Quarterly Report on Form 10-Q filed on May 1, 2013 (File No. 333-34666)).
10.14	Lease Agreement, dated May 18, 2009, between the Registrant and JCCE – Palomar, LLC (incorporated by reference to Exhibit 10.14 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
10.15	Sublease Agreement, dated May 9, 2009, between the Registrant and CVI Laser, LLC (incorporated by reference to Exhibit 10.15 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
†10.16	Intellectual Property License Agreement, dated June 18, 2009, between the Registrant and Intel Corporation, (incorporated by reference to Exhibit 10.16 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
+10.17	Employment Offer Letter, dated November 9, 2012, between the Registrant and Will Torgerson (incorporated by reference to Exhibit 10.17 of the Registrant's Annual Report on Form 10-K filed on February 6, 2013 (File No. 001-34666)).
†10.18	Distributor Agreement, dated June 5, 2009, between the Registrant and Moly Tech Limited (incorporated by reference to Exhibit 10.18 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
†10.19	Distributor Agreement, dated October 3, 2005, between the Registrant and Tomen Electronics Corporation (incorporated by reference to Exhibit 10.19 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
†10.20	Distributor Agreement, dated August 19, 2009, between the Registrant and Lestina International Ltd. (incorporated by reference to Exhibit 10.20 of the Registrant's Registration Statement on Form S-1 and all amendments thereto (File No. 333-162947)).
+10.21	MaxLinear, Inc. Executive Bonus Plan, as amended (incorporated by reference to Exhibit 10.21 of the Registrant's Current Report on Form 8-K filed on May 20, 2013 (File No. 001-34666)).
+10.22	Employment Offer Letter, dated April 22, 2011, between the Registrant and Michael LaChance (incorporated by reference to Exhibit 10.22 of the Registrant's Annual Report on Form 10-K filed on

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March 14, 2012 (File No. 001-34666)).

10.23

Stock Repurchase Agreement, dated August 21, 2012, by and among the Registrant, Mission Ventures III, L.P., Mission Ventures Affiliates III, L.P., and U.S. Venture Partners VIII, L.P. (incorporated by reference to Exhibit 10.23 of the Registrant's Current Report on Form 8-K filed on August 22, 2012 (File No. 001-34666)).

10.24

Stock Repurchase Agreement, dated October 31, 2012, by and among the Registrant, U.S. Venture Partners VIII, L.P, USVP VIII Affiliates Fund, L.P., USVP Entrepreneur Partners VIII-A, L.P. and USVP Entrepreneur Partners VIII-B, L.P. (incorporated by reference to Exhibit 10.24 of the Registrant's Current Report on Form 8-K filed on October 31, 2012 (File No. 001-34666)).

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+10.25	Separation Agreement, dated March 15, 2012, by and between the Registrant and Patrick E. McCreedy (incorporated by reference to Exhibit 10.2 of the Registrant’s Current Report on Form 8-K filed on March 15, 2012 (File No. 001-34666))
10.26	Lease Agreement, dated December 17, 2013, between Registrant and The Campus Carlsbad, LLC (incorporated by reference to Exhibit 10.26 of the Registrant’s Annual Report on Form 10-K filed on February 7, 2014 (File No. 001-34666)).
+10.27	Separation Agreement and Release, dated December 15, 2014, by and between the Registrant and Brian J. Sprague (incorporated by reference to Exhibit 10.27 of the Registrant’s Current Report on Form 8-K filed on December 16, 2014 (File No. 001-34666))
*11.1	Statement re computation of income (loss) per share (included on page F-14 of this Form 10-K).
*21.1	Subsidiaries of the Registrant.
*23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
*24.1	Power of Attorney (included on the signature page of this Form 10-K).
*31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
##32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 33-8238 and 34-47986, Final Rule: Management’s Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished pursuant to this item will not be deemed “filed” for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

+ Indicates a management contract or compensatory plan.

† Confidential treatment has been requested and received for certain portions of these exhibits.

(b) Exhibits

The exhibits filed as part of this report are listed in Item 15(a)(3) of this Form 10-K.

(c) Schedules

The financial statement schedules required by Regulation S-X and Item 8 of this form are listed in Item 15(a)(2) of this Form 10-K.

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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.

MAXLINEAR, INC.

(Registrant)

By: /s/ KISHORE SEENDRIPU, PH.D
Kishore Seendripu, Ph.D
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 23, 2015

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kishore Seendripu, Ph.D. and Adam C. Spice, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, to sign any and all amendments (including post-effective amendments) to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each of said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-facts and agents, or his substitute or substitutes, or any of them, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ KISHORE SEENDRIPU, PH.D Kishore Seendripu, Ph.D	President and Chief Executive Officer (Principal Executive Officer)	February 23, 2015
/s/ ADAM C. SPICE Adam C. Spice	Chief Financial Officer (Principal Financial Officer)	February 23, 2015
/s/ THOMAS E. PARDUN Thomas E. Pardun	Lead Director	February 23, 2015
/s/ STEVEN C. CRADDOCK Steven C. Craddock	Director	February 23, 2015
/s/ CURTIS LING, PH.D Curtis Ling, Ph.D	Director	February 23, 2015
/s/ ALBERT J. MOYER Albert J. Moyer	Director	February 23, 2015
/s/ DONALD E. SCHROCK Donald E. Schrock	Director	February 23, 2015

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MaxLinear, Inc.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of MaxLinear, Inc.

We have audited the accompanying consolidated balance sheets of MaxLinear, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MaxLinear, Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), MaxLinear, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Irvine, California
February 23, 2015

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MAXLINEAR, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except par amounts)

	December 31,	
	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$20,696	\$26,450
Short-term investments, available-for-sale	48,399	35,494
Accounts receivable, net	18,523	20,058
Inventory	10,858	10,032
Prepaid expenses and other current assets	2,438	1,682
Total current assets	100,914	93,716
Property and equipment, net	12,441	5,511
Long-term investments, available-for-sale	10,256	24,410
Intangible assets	10,386	749
Goodwill	1,201	—
Other long-term assets	513	543
Total assets	\$135,711	\$124,929
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$7,509	\$7,507
Deferred revenue and deferred profit	3,612	2,651
Accrued price protection liability	10,018	15,017
Accrued expenses and other current liabilities	5,548	4,285
Accrued compensation	6,559	7,698
Total current liabilities	33,246	37,158
Other long-term liabilities	3,363	1,097
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 25,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.0001 par value; 550,000 shares authorized, no shares issued or outstanding	—	—
Class A common stock, \$0.0001 par value; 500,000 shares authorized, 30,927 and 27,002 shares issued and outstanding at December 31, 2014 and 2013, respectively	3	3
Class B common stock, \$0.0001 par value; 500,000 shares authorized, 6,984 and 8,338 shares issued and outstanding at December 31, 2014 and 2013, respectively	1	1
Additional paid-in capital	177,912	158,360
Accumulated other comprehensive income (loss)	(25	) 58
Accumulated deficit	(78,789	) (71,748
Total stockholders' equity	99,102	86,674
Total liabilities and stockholders' equity	\$135,711	\$124,929
See accompanying notes.		

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

	Years Ended December 31,		
	2014	2013	2012
Net revenue	\$133,112	\$119,646	\$97,728
Cost of net revenue	51,154	46,683	37,082
Gross profit	81,958	72,963	60,646
Operating expenses:			
Research and development	56,625	53,132	46,458
Selling, general and administrative	34,191	32,181	27,254
Total operating expenses	90,816	85,313	73,712
Loss from operations	(8,858	) (12,350	) (13,066
Interest income	236	222	282
Interest expense	(15	) (4	) (53
Other expense, net	(108	) (199	) (74
Loss before income taxes	(8,745	) (12,331	) (12,911
Provision (benefit) for income taxes	(1,704	) 402	341
Net loss	\$(7,041	) \$(12,733	) \$(13,252
Net loss per share:			
Basic	\$(0.19	) \$(0.37	) \$(0.40
Diluted	\$(0.19	) \$(0.37	) \$(0.40
Shares used to compute net loss per share:			
Basic	36,472	34,012	33,198
Diluted	36,472	34,012	33,198
See accompanying notes.			

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MAXLINEAR, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

	Years Ended December 31,		
	2014	2013	2012
Net loss	\$ (7,041	) \$ (12,733	) \$ (13,252
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on investments, net of tax of \$0, \$5 and \$11 in 2014, 2013 and 2012	(60	) 8	14
Foreign currency translation adjustments, net of tax of \$0 in 2014, 2013 and 2012	(23	) 15	7
Other comprehensive income (loss)	(83) 23	21
Total comprehensive loss	\$ (7,124) \$ (12,710) \$ (13,231
See accompanying notes.			

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MAXLINEAR, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Class A		Class B		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Common Stock	Common Stock	Common Stock	Common Stock				
	Shares	Amount	Shares	Amount				
Balance at December 31, 2011	19,107	\$ 2	14,143	\$ 1	\$ 126,695	\$ 14	\$ (33,687)	\$ 93,025
Conversion of Class B common stock to Class A common stock	3,991	—	(3,991)	—	—	—	—	—
Common stock issued pursuant to equity awards, net	740	—	521	—	617	—	—	617
Repurchases of common stock	(1,152)	—	(1,000)	—	—	—	(12,076)	(12,076)
Employee stock purchase plan	495	—	—	—	1,914	—	—	1,914
Stock-based compensation	—	—	—	—	9,984	—	—	9,984
Other comprehensive income	—	—	—	—	—	21	—	21
Net loss	—	—	—	—	—	—	(13,252)	(13,252)
Balance at December 31, 2012	23,181	2	9,673	1	139,210	35	(59,015)	80,233
Conversion of Class B common stock to Class A common stock	1,377	—	(1,377)	—	—	—	—	—
Common stock issued pursuant to equity awards, net	1,940	1	42	—	3,726	—	—	3,727
Employee stock purchase plan	504	—	—	—	2,438	—	—	2,438
Stock-based compensation	—	—	—	—	12,986	—	—	12,986
Other comprehensive income	—	—	—	—	—	23	—	23
Net loss	—	—	—	—	—	—	(12,733)	(12,733)
Balance at December 31, 2013	27,002	3	8,338	1	158,360	58	(71,748)	86,674
Conversion of Class B common stock to Class A common stock	1,405	—	(1,405)	—	—	—	—	—
Common stock issued pursuant to equity awards, net	2,043	—	51	—	1,486	—	—	1,486
Employee stock purchase plan	477	—	—	—	3,058	—	—	3,058
Stock-based compensation	—	—	—	—	15,008	—	—	15,008
Other comprehensive loss	—	—	—	—	—	(83)	—	(83)
Net loss	—	—	—	—	—	—	(7,041)	(7,041)
Balance at December 31, 2014	30,927	\$ 3	6,984	\$ 1	\$ 177,912	\$ (25)	\$ (78,789)	\$ 99,102

See accompanying notes.

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

	Years Ended December 31,		
	2014	2013	2012
Operating Activities			
Net loss	\$(7,041	) \$(12,733	) \$(13,252
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Amortization and depreciation	5,107	3,715	3,531
Amortization of investment premiums, net	724	974	1,058
Stock-based compensation	15,008	12,986	9,984
Deferred income taxes	(2,281	) (166) —
Gain on sale of available-for-sale securities	(3	) —	(2
Impairment of long-lived assets	29	1,231	184
Changes in operating assets and liabilities:			
Accounts receivable	1,982	(5,500	) (4,137
Inventory	(757	) (141	) (1,809
Prepaid and other assets	(752	) (308	) (129
Accounts payable, accrued expenses and other current liabilities	83	(627	) 3,981
Accrued compensation	3,911	5,587	4,910
Deferred revenue and deferred profit	961	362	(1,740
Accrued price protection liability	(4,999	) 7,137	5,024
Other long-term liabilities	262	373	(59
Net cash provided by operating activities	12,234	12,890	7,544
Investing Activities			
Purchases of property and equipment	(8,800	) (3,162	) (5,055
Purchases of intangible assets	—	(955	) (390
Cash used in acquisition	(9,136) —	—
Purchases of available-for-sale securities	(56,702	) (70,620	) (87,897
Maturities of available-for-sale securities	57,172	65,200	89,151
Net cash used in investing activities	(17,466	) (9,537	) (4,191
Financing Activities			
Payments on capital leases	—	(2	) (32
Net proceeds from issuance of common stock	3,304	2,647	2,706
Minimum tax withholding paid on behalf of employees for restricted stock units	(3,810	) (1,375	) (175
Repurchases of common stock	—	—	(12,076
Net cash provided by (used in) financing activities	(506	) 1,270	(9,577
Effect of exchange rate changes on cash and cash equivalents	(16	) 17	8
Increase (decrease) in cash and cash equivalents	(5,754	) 4,640	(6,216
Cash and cash equivalents at beginning of year	26,450	21,810	28,026
Cash and cash equivalents at end of year	\$20,696	\$26,450	\$21,810
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$—	\$1	\$1
Cash paid for income taxes	\$187	\$186	\$40
Supplemental disclosures of non cash investing and financing information:			
Issuance of accrued share-based bonus plan	\$5,050	\$4,836	\$—

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Accrued purchases of property and equipment	\$849	\$2	\$52
Lease incentive for leasehold improvements	\$2,008	\$—	\$—
See accompanying notes.			

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MAXLINEAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except per share amounts and percentage data)

1. Organization and Summary of Significant Accounting Policies

Description of Business

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

Basis of Presentation and Principles of Consolidation

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

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

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are recorded at cost, which approximates market value.

Accounts Receivable

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based on each customer's credit worthiness, as determined by the Company's review of current credit information. The Company monitors collections and payments from its customers and maintains an allowance for doubtful accounts based upon its historical experience, its anticipation of uncollectible accounts receivable and any specific customer collection issues that the Company has identified. As of December 31, 2014 and 2013, the Company had recorded an allowance for doubtful accounts of \$0.1 million.

Inventory

The Company assesses the recoverability of its inventory based on assumptions about demand and market conditions. Forecasted demand is determined based on historical sales and expected future sales. Inventory is stated at the lower of cost or market. Cost approximates actual cost on a first-in, first-out basis and market reflects current replacement cost (e.g. net replacement value) which cannot exceed net realizable value or fall below net realizable value less an allowance for an approximately normal profit margin. The Company reduces its inventory to its lower of cost or market on a part-by-part basis to account for its obsolescence or lack of marketability. Reductions are calculated as the difference between the cost of inventory and its market value based upon assumptions about future demand and market conditions. Once established, these adjustments are considered permanent and are not revised until the related inventory is sold or disposed of.

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MAXLINEAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except per share amounts and percentage data)

Investments, Available-for-Sale

The Company classifies all investments as available-for-sale, as the sale of such investments may be required prior to maturity to implement management strategies. These investments are carried at fair value, with unrealized gains and losses reported as accumulated other comprehensive income until realized. The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion, as well as interest and dividends, are included in interest income. Realized gains and losses from the sale of available-for-sale investments, if any, are determined on a specific identification basis and are also included in interest income.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses and compensation are considered to be representative of their respective fair value because of the short-term nature of these items. Investment securities, available-for-sale, are carried at fair value. Based on the borrowing rates currently available to the Company for loans with similar terms, the Company believes the fair value of long-term capital lease obligations approximates its carrying value.

Property and Equipment

Property and equipment is carried at cost and depreciated over the estimated useful lives of the assets, ranging from two to five years, using the straight-line method. Leasehold improvements are stated at cost and amortized over the shorter of the estimated useful lives of the assets or the lease term.

Production Masks

Production masks with alternative future uses or discernible future benefits are capitalized and amortized over their estimated useful life of two years. To determine if the production mask has alternative future uses or benefits, the Company evaluates risks associated with developing new technologies and capabilities, and the related risks associated with entering new markets. Production masks that do not meet the criteria for capitalization are expensed as research and development costs.

Goodwill and Intangible Assets

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the acquired net tangible and intangible assets. Intangible assets represent purchased intangible assets including developed technology and in-process research and development, or IPR&D, and technologies acquired or licensed from other companies. Purchased intangible assets with definitive lives are capitalized and amortized over their estimated useful life. Technologies acquired or licensed from other companies are capitalized and amortized over the greater of the terms of the agreement, or estimated useful life, not to exceed three years. The Company capitalizes IPR&D projects acquired as part of a business combination. On completion of each project, IPR&D assets are reclassified to developed technology and amortized over their estimated useful lives.

Impairment of Goodwill and Long-Lived Assets

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

During development, IPR&D is not subject to amortization and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company reviews indefinite-lived intangible assets for impairment as of October 31, the date of its annual goodwill impairment review or whenever events or changes in circumstances indicate the carrying value may not be recoverable. Recoverability of

indefinite-lived intangible assets is measured by comparing the carrying amount of the asset to the future discounted cash flows that asset is expected to generate.

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MAXLINEAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except per share amounts and percentage data)

Once an IPR&D project is complete, it becomes a definite lived intangible asset and is evaluated for impairment in accordance with the Company's policy for long-lived assets.

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

Revenue Recognition

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

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

A portion of the Company's revenues are generated from sales made through distributors under agreements allowing for pricing credits and/or stock rotation rights of return. Revenues from sales through the Company's distributors accounted for 28% and 29% of net revenue for the years ended December 31, 2014 and December 31, 2013, respectively. Pricing credits to the Company's distributors may result from its price protection and unit rebate provisions, among other factors. These pricing credits and/or stock rotation rights prevent the Company from being able to reliably estimate the final sales price of the inventory sold and the amount of inventory that could be returned pursuant to these agreements. As a result, for sales through distributors, the Company has determined that it does not meet all of the required revenue recognition criteria at the time it delivers its products to distributors as the final sales price is not fixed or determinable.

For these distributor transactions, revenue is not recognized until product is shipped to the end customer and the amount that will ultimately be collected is fixed or determinable. Upon shipment of product to these distributors, title to the inventory transfers to the distributor and the distributor is invoiced, generally with 30 day terms. On shipments to the Company's distributors where revenue is not recognized, the Company records a trade receivable for the selling price as there is a legally enforceable right to payment, relieving the inventory for the carrying value of goods shipped since legal title has passed to the distributor, and records the corresponding gross profit in the consolidated balance sheet as a component of deferred revenue and deferred profit, representing the difference between the receivable recorded and the cost of inventory shipped. Future pricing credits and/or stock rotation rights from the Company's distributors may result in the realization of a different amount of profit included in the Company's future consolidated statements of operations than the amount recorded as deferred profit in the Company's consolidated balance sheets. The Company records reductions in revenue for estimated pricing adjustments related to price protection agreements with the Company's end customers in the same period that the related revenue is recorded. Price protection pricing adjustments are recorded at the time of sale as a reduction to revenue and an increase in the Company's accrued liabilities. The amount of these reductions is based on specific criteria included in the agreements and other factors known at the time. The Company accrues 100% of potential price protection adjustments at the time of sale and does not apply a breakage factor. The Company reverses the accrual for unclaimed price protection amounts as specific programs contractually end and when the Company believes unclaimed amounts are no longer subject to payment and will not be paid. See Note 4 for a summary of the Company's price protection activity.

Stock Repurchase

The Company records the excess of repurchase price over par value to accumulated deficit upon repurchase and retirement of shares of its Class A common stock and Class B common stock in accordance with the accounting standard for equity.

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MAXLINEAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except per share amounts and percentage data)

Warranty

The Company generally provides a warranty on its products for a period of one to three years. The Company makes estimates of product return rates and expected costs to replace the products under warranty at the time revenue is recognized based on historical warranty experience and any known product warranty issues. If actual return rates and/or replacement costs differ significantly from these estimates, adjustments to recognize additional cost of net revenue may be required in future periods. At December 31, 2014, \$0.1 million for warranty costs was recorded based on the Company's analysis. At December 2013, no accrual for warranty costs was recorded based on the Company's analysis.

Segment Information

The Company operates in one segment as it has developed, marketed and sold primarily only one class of similar products, integrated radio frequency analog and mixed signal semiconductor solutions for broadband communication applications.

The Company's chief operating decision-maker is its chief executive officer, who reviews operating results on an aggregate basis and manages the Company's operations as a single operating segment.

The Company has assessed its products on an individual basis and determined that they are similar based on the following reasons:

The Company's portfolio of products share similar economic characteristics as they have a similar long term business model, operate at gross margins similar to the Company's consolidated gross margin, and have similar research and development expenses and similar selling, general and administrative expenses;

The causes for variation within the Company's portfolio of products are the same and include factors such as (i) life cycle and price and cost fluctuations, (ii) number of competitors, (iii) extent of product differentiation relative to the Company's competition, and (iv) the sensitivity to the overall cyclical nature of the semiconductor industry;

The Company's product portfolio and development roadmap is managed by a common Vice President and General Manager, and the technology across products within the portfolio is so similar that the Company's engineering resources are highly fungible and commonly work across product families;

The vast majority of the Company's integrated circuits all use the same standard CMOS manufacturing processes and provide the same fundamental functionality in the electronics platforms in which they reside;

The integrated circuits marketed are sold to one type of customer: manufacturers of wired and wireless communications equipment, which incorporate the Company's integrated circuits into their electronic products; and All of the Company's integrated circuits are sold through a centralized sales force and common distributors.

Concentration of Credit Risk and Significant Customers

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. At times, such deposits may be in excess of insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents.

The Company markets its products and services to manufacturers of wired and wireless communications equipment throughout the world. The Company makes periodic evaluations of the credit worthiness of its customers and does not require collateral for credit sales.

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

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MAXLINEAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except per share amounts and percentage data)

	Years Ended December 31,			
	2014	2013	2012	
Percentage of total net revenue				
Arris ¹	31	% 28	% 28	%
Pace	*	*	10	%

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

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

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

	Years Ended December 31,			
	2014	2013	2012	
Percentage of total net revenue				
China	71	% 68	% 58	%
Taiwan	*	*	12	%
Japan	*	*	14	%

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

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

	December 31,		
	2014	2013	
Percentage of gross accounts receivable:			
Pegatron Corporation ¹	41	% 38	%
Sernet Technologies Corporation	11	% *	
Kinpo International Limited	*	19	%
Moly Tech Limited	*	14	%

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

¹Includes sales to UniHan, which was acquired by Pegatron in November 2013, for all periods presented.

Stock-based Compensation

The Company measures the cost of employee services received in exchange for equity incentive awards, including stock options, employee stock purchase rights, restricted stock units and restricted stock awards based on the grant date fair value of the award. The Company uses the Black-Scholes valuation model to calculate the fair value of stock options and employee stock purchase rights granted to employees. The Company calculates the fair value of restricted stock units and restricted stock awards based on the fair market value of its Class A common stock on the grant date. Stock-based compensation expense is recognized over the period during which the employee is required to provide services in exchange for the award, which is usually the vesting period. The Company recognizes compensation expense over the vesting period using the straight-line method and classifies these amounts in the statements of operations based on the department to which the related employee reports.

The Company accounts for stock options issued to non-employees in accordance with authoritative guidance for equity based payments to non-employees. Stock options issued to non-employees are accounted for at their estimated fair value determined using the Black-Scholes option-pricing model. The fair value of options granted to non-employees is re-measured as they vest, and the resulting increase in value, if any, is recognized as expense during the period the related services are

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MAXLINEAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except per share amounts and percentage data)

rendered. The Company calculates the fair value of restricted stock units issued to non-employees based on the fair market value of our Class A common stock on the grant date and the resulting stock-based compensation expense is recognized over the period during which the non-employee is required to provide services in exchange for the award, which is usually the vesting period.

Research and Development

Costs incurred in connection with the development of the Company's technology and future products are charged to research and development expense as incurred.

Income Taxes

The Company provides for income taxes utilizing the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes generally represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from the differences between the financial and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when a judgment is made that is considered more likely than not that a tax benefit will not be realized. A decision to record a valuation allowance results in an increase in income tax expense or a decrease in income tax benefit. If the valuation allowance is released in a future period, income tax expense will be reduced accordingly.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex global tax regulations. The impact of an uncertain income tax position is recognized at the largest amount that is "more likely than not" to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company will continue to assess the need for a valuation allowance on the deferred tax asset by evaluating both positive and negative evidence that may exist. Any adjustment to the net deferred tax asset valuation allowance would be recorded in the income statement for the period that the adjustment is determined to be required.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity (net assets) of a business entity during a period from transactions and other events and circumstances from nonowner sources. Other comprehensive income (loss) includes certain changes in equity that are excluded from net income (loss), such as unrealized holding gains and losses on available-for-sale investments, net of tax, and translation gains and losses.

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing net income (loss) attributable to the Company by the weighted average number of shares of Class A and Class B common stock outstanding during the period. For diluted net income (loss) per share, net income attributable to the Company is divided by the sum of the weighted average number of shares of Class A and Class B common stock outstanding and the potential number of shares of dilutive Class A and Class B common stock outstanding during the period.

Litigation and Settlement Costs

Legal costs are expensed as incurred. The Company is involved in disputes, litigation and other legal actions in the ordinary course of business. The Company continually evaluates uncertainties associated with litigation and records a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements and (ii) the loss or range of loss can be reasonably estimated.

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Recent Accounting Pronouncements

In May 2014, the FASB issued new accounting guidance related to revenue recognition. This new standard will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. This guidance will be effective for the Company beginning in the first quarter of fiscal year 2017 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is evaluating the impact of adopting this new accounting standard on its financial statements.

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

In November 2014, the FASB issued new accounting guidance related to business combinations. The new standard provides companies with the option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The election to apply pushdown accounting can be made either in the period in which the change of control occurred, or in a subsequent period. If the election is made in a subsequent period, it would be considered a change in accounting principle and treated in accordance with the guidance related to accounting changes and error corrections. This guidance is effective for the Company as of November 18, 2014. The adoption of this standard did not significantly impact the Company's financial statements.

2. Net Loss Per Share

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

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

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	Years Ended December 31,		
	2014	2013	2012
Numerator:			
Net loss	\$(7,041) \$(12,733) \$(13,252
Denominator:			
Weighted average common shares outstanding—basic	36,472	34,012	33,198
Dilutive common stock equivalents	—	—	—
Weighted average common shares outstanding—diluted	36,472	34,012	33,198
Net loss per share:			
Basic	\$(0.19	) \$(0.37	) \$(0.40
Diluted	\$(0.19	) \$(0.37	) \$(0.40

The Company excluded 3.1 million, 3.5 million and 4.4 million common stock equivalents for the years ended 2014, 2013 and 2012, respectively, resulting from outstanding equity awards for the calculation of diluted net loss per share due to their anti-dilutive nature.

3. Business Combination

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

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

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

The following table summarizes the consideration paid for Physpeed and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date at October 31, 2014:

The composition of financial instruments is as follows:

Consideration:

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Cash	\$9,250	
Fair value of total consideration transferred	\$9,250	
The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date. The Company completed the purchase price allocation for its acquisition of Physpeed as of December 31, 2014.		
Financial assets	\$114	
Accounts receivable	447	
Prepaid expenses	28	
Inventory	69	
Fixed assets	56	
Identifiable intangible assets	10,000	
Financial liabilities	(65)
Liability arising from potential earn-out consideration	(265)
Net deferred tax liability	(2,335)
Total identifiable net assets	8,049	
Goodwill	1,201	
	\$9,250	

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

The fair value of the acquired identifiable intangible assets of \$10.0 million consists of developed technology of \$2.7 million and IPR&D of \$7.3 million. Both the developed technology and IPR&D are related to optical interconnect interface physical layers products and their estimated useful lives have been assessed to be seven years. Developed technology will be amortized immediately and IPR&D will begin amortization upon the completion of each project. If any of the projects are abandoned, the Company will be required to impair the related IPR&D asset. The fair value of the developed technology and IPR&D was determined using the multi-period excess earnings method ("MPEEM"). The MPEEM is an income approach to fair value measurement attributable to specific intangible asset being valued from the asset grouping's overall cash-flow stream. MPEEM isolates the expected future discounted cash-flow stream to their net present value. Significant factors considered in the calculation were the risks inherent in the development process, including the likelihood of achieving technological success and market acceptance. Each project was analyzed to determine the unique technological innovations, the existence and reliance on core technology, the existence of any alternative future use or current technological feasibility and the complexity, cost, and time to complete the remaining development. Future cash flows for each project were estimated based on forecasted revenue and costs, taking into account the expected product life cycles, market penetration, and growth rates.

Compensation Arrangements

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

Earn-Out

The contingent earn-out consideration has an estimated fair value of \$0.3 million at the date of acquisition. The earn-out is payable up to \$0.75 million to the former shareholders of Physpeed. The 2015 earn-out is based on \$0.375 million multiplied by the 2015 revenue percentage as defined in the definitive merger agreement. The 2016 earn-out is based on \$0.375 million multiplied

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by the 2016 revenue percentage as defined in the definitive merger agreement. Subsequent changes to the fair value will be recorded through earnings. There was no change in the fair value of the earn-out between October 31, 2014 and December 31, 2014.

RSU Awards

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

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

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

The Company will record compensation expense for the 2015 RSUs over a 14 month service period from October 31, 2014 through December 31, 2015. The Company will record compensation expense for the 2016 RSUs over a 26 month service period from October 31, 2014 through December 31, 2016. The Company recorded \$0.3 million of compensation expense for the 2015 and 2016 RSUs for the year ended December 31, 2014.

4. Financial Instruments

The composition of financial instruments is as follows:

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

Liabilities

Contingent Consideration	\$265
Total	\$265

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	December 31, 2013			Fair Value	
	Amortized Cost	Gross Gains	Unrealized Losses		
Money market funds	\$406	\$—	\$—	\$406	
Government debt securities	26,532	10	(5	) 26,537
Corporate debt securities	33,355	17	(4	) 33,368
	60,293	27	(9	) 60,311
Less amounts included in cash and cash equivalents	(406) —	—	(406)
	\$59,887	\$27	\$(9	) \$59,905

As of December 31, 2014, the Company held 23 corporate and government debt securities with an aggregate fair value of \$35.8 million that were in an unrealized loss position for less than 12 months. The gross unrealized losses of \$0.1 million at December 31, 2014 represent temporary impairments on corporate and government debt securities related to multiple issuers, and were primarily caused by fluctuations in U.S. interest rates. The Company has determined that the gross unrealized losses on these securities at December 31, 2014 are temporary in nature. The Company evaluates securities for other-than-temporary impairment on a quarterly basis. Impairment is evaluated considering numerous factors, and their relative significance varies depending on the situation. Factors considered include the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the issuer, and the Company's intent and ability to hold the security in order to allow for an anticipated recovery in fair value.

All of the Company's long-term available-for-sale securities were due between 1 and 2 years as of December 31, 2014. The fair values of the Company's financial instruments are the amounts that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants and are recorded using a hierarchal disclosure framework based upon the level of subjectivity of the inputs used in measuring assets and liabilities. The levels are described below:

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

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

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

The Company classifies its financial instruments within Level 1 or Level 2 of the fair value hierarchy on the basis of valuations using quoted market prices or alternate pricing sources and models utilizing market observable inputs, respectively. The Company's money market funds were valued based on quoted prices for the specific securities in an active market and were therefore classified as Level 1. The government and corporate debt securities have been valued on the basis of valuations provided by third-party pricing services, as derived from such services' pricing models. The pricing services may use a consensus price which is a weighted average price based on multiple sources or mathematical calculations to determine the valuation for a security, and have been classified as Level 2. The Company reviews Level 2 inputs and fair value for reasonableness and the values may be further validated by comparison to independent pricing sources. In addition, the Company reviews third-party pricing provider models, key inputs and assumptions and understands the pricing processes at its third-party providers in determining the overall reasonableness of the fair value of its Level 2 financial instruments. As of December 31, 2014 and 2013, the Company has not made any adjustments to the prices obtained from its third party pricing providers. The contingent liability is classified as Level 3 as of December 31, 2014 and is valued using an internal rate of return model. The assumptions used in preparing the internal rate of return model include estimates for future revenues related to Physpeed products and services and a discount factor of 0.54% to 0.33%. The assumptions used in preparing the internal rate of return model include estimates for outcome if milestone goals are achieved, the probability of achieving each outcome and discount rates. Significant changes in any of the unobservable inputs used in the fair value measurement of contingent consideration in isolation could result in a significantly lower or higher fair value. A change in estimated future

revenues would be accompanied by a directionally similar change in fair value. The Company held no Level 3 financial instruments as of December 31, 2013.

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

	Fair Value Measurements at December 31, 2014			
	Balance at December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	\$1,858	\$1,858	\$—	\$—
Government debt securities	27,151	—	27,151	—
Corporate debt securities	31,504	—	31,504	—
	\$60,513	\$1,858	\$58,655	\$—
Liabilities				
Contingent consideration	\$265	\$—	\$—	\$265
	\$265	\$—	\$—	\$265
	Fair Value Measurements at December 31, 2013			
	Balance at December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$406	\$406	\$—	\$—
Government debt securities	26,537	—	26,537	—
Corporate debt securities	33,368	—	33,368	—
	\$60,311	\$406	\$59,905	\$—

There were no transfers between Level 1, Level 2 or Level 3 securities in the year ended December 31, 2014.

5. Balance Sheet Details

Cash and cash equivalents and investments consist of the following:

	December 31,	
	2014	2013
Cash and cash equivalents	\$20,696	\$26,450
Short-term investments	48,399	35,494
Long-term investments	10,256	24,410
	\$79,351	\$86,354

Inventory consists of the following:

	December 31,	
	2014	2013
Work-in-process	\$4,169	\$4,384
Finished goods	6,689	5,648
	\$10,858	\$10,032

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Property and equipment consist of the following:

	Useful Life (in Years)	December 31,	
		2014	2013
Furniture and fixtures	5	\$735	\$346
Machinery and equipment	3 -5	12,695	9,488
Masks and production equipment ⁽¹⁾	2	8,672	4,764
Software	3	905	743
Leasehold improvements ⁽²⁾	4 -5	4,451	924
Construction in progress	N/A	276	82
		27,734	16,347
Less accumulated depreciation and amortization		(15,293)	(10,836)
		\$12,441	\$5,511

⁽¹⁾ In the year ended December 31, 2013, the Company recorded an impairment charge of \$1.1 million, reflected in cost of net revenue, related to the remaining net book value of production masks that were previously capitalized, but for which future use is no longer expected.

⁽²⁾ The Company has capitalized leasehold improvements and recognized a corresponding lease incentive obligation of \$2.0 million related to the corporate headquarters in Carlsbad, California. The lease incentive obligation is being amortized over the remaining lease term as an offset to rent expense. Normal leasehold improvements related to the facility are recorded in leasehold improvements in the table above.

On October 31, 2014, the Company acquired Physpeed and recognized \$1.2 million of goodwill in connection with the acquisition.

Intangible assets consist of the following:

	Weighted Average Amortization Period (in Years)	December 31,	
		2014	2013
Licensed technology	3	\$2,821	\$2,821
Developed technology	7	2,700	—
Less accumulated amortization		(2,435)	(2,072)
		3,086	749
In-process research and development		7,300	—
		\$10,386	\$749

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The following table presents future amortization of the Company's intangible assets at December 31, 2014:

	Amortization
2015	\$589
2016	382
2017	270
2018	270
2019	270
Thereafter	1,305
Total	\$3,086

Deferred revenue and deferred profit consist of the following:

	December 31,	
	2014	2013
Deferred revenue—rebates	\$21	\$110
Deferred revenue—distributor transactions	5,585	3,922
Deferred cost of net revenue—distributor transactions	(1,994	) (1,381
	\$3,612	\$2,651

Accrued price protection liability consists of the following activity:

	Years Ended December	
	2014	2013
Beginning balance	\$15,017	\$7,880
Charged as a reduction of revenue	22,466	22,388
Reversal of unclaimed rebates	(413	) (50
Payments	(27,052	) (15,201
Ending Balance	\$10,018	\$15,017

Accrued expenses and other current liabilities consist of the following:

	December 31,	
	2014	2013
Accrued technology license payments	\$3,000	\$3,000
Accrued professional fees	422	390
Accrued litigation costs	560	—
Other	1,566	895
	\$5,548	\$4,285

6. Commitments and Contingencies

Lease Commitments and Other Contractual Obligations

During May 2009, the Company entered into two lease agreements for office facilities in Carlsbad, CA. One lease commenced on June 1, 2009 and expired on January 22, 2014. The second lease commenced on September 1, 2009 and expired

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on March 31, 2014. The terms of these leases provide for rental payments on a monthly basis with periodic rent escalations over the term of the lease. During December 2013, the Company entered into a lease for approximately 45,000 square feet of office space in Carlsbad, California. The lease is subject to rent increases and has a term of five years, six months, commencing on May 21, 2014, with an option to extend the lease for an additional five years. The Company was granted a tenant incentive of \$2.0 million which was capitalized as leasehold improvements with a corresponding lease incentive obligation. The Company is recognizing rent expense, net of the tenant incentives, on a straight-line basis over a lease term of six years. Leasehold improvements are being depreciated on a straight-line basis over the estimated useful life of five years. The Company relocated its current operations in Carlsbad, California to the new facility in the second quarter of 2014. During January 2010, the Company entered into a five-year noncancelable operating lease agreement for a research and development facility in Irvine, CA. The lease is subject to rent holidays and rent increases and commenced in April 2010 with an option to extend the lease for an additional five years. During February and August 2011 and October 2012, the Company entered into amendments to its existing operating lease agreement for a research and development facility in Irvine, CA. The amended operating lease calls for an expansion in the amount of space occupied and an extension to May 2016. The Company recognizes rent expense on a straight-line basis over the lease period and has accrued for rent expense incurred but not paid. In addition, incentives were granted, including discounted rental payments and inducements. As such, these allowances have been recorded as deferred rent and these items are being recognized as reductions to rental expense on a straight-line basis over the term of the lease.

At December 31, 2014, future minimum annual payments under the non-cancelable operating leases, other obligations and inventory purchase obligations are as follows:

	Operating Leases	Other Obligations	Inventory Purchase Obligations
2015	\$1,679	\$3,250	\$10,139
2016	1,381	908	—
2017	1,348	—	—
2018	1,017	—	—
2019	702	—	—
Total minimum annual payments	\$6,127	\$4,158	\$10,139

Total rent expense for 2014, 2013 and 2012, was \$1.7 million, \$1.4 million and \$1.2 million, respectively.

Other obligations represent purchase commitments for software licensing arrangements, information systems infrastructure and other commitments made in the ordinary course of business.

CrestaTech Litigation

On January 21, 2014, CrestaTech Technology Corporation, or CrestaTech, filed a complaint for patent infringement against the Company in the United States District Court of Delaware (the "District Court Litigation"). In its complaint, CrestaTech alleges that the Company infringes U.S. Patent Nos. 7,075,585 and 7,265,792. In addition to asking for compensatory damages, CrestaTech alleges willful infringement and seeks a permanent injunction. CrestaTech also names Sharp Corporation, Sharp Electronics Corp. and VIZIO, Inc. as defendants based upon their alleged use of the Company's television tuners. On January 28, 2014, CrestaTech filed a complaint with the U.S. International Trade Commission, or ITC, alleging that the Company, Sharp, Sharp Electronics, and VIZIO, infringe the same patents asserted in the Delaware action. On May 16, 2014 the ITC granted CrestaTech's motion to file an amended complaint adding six OEM Respondents, namely, SIO International, Inc., Hon Hai Precision Industry Co., Ltd., Wistron Corp., Wistron Infocomm Technology (America) Corp., Top Victory Investments Ltd. and TPV International (USA), Inc. CrestaTech filed the amended complaint on June 12, 2014, alleging that the Company's accused products are imported into and sold within the United States by, or on behalf of, the Company, Sharp, Sharp Electronics, VIZIO and the six OEM Respondents. Through its ITC complaints, CrestaTech seeks an exclusion order preventing entry into the United

States of certain of the Company's television tuners and televisions containing such tuners from Sharp, Sharp Electronics, and VIZIO. CrestaTech also seeks a cease and desist order prohibiting these defendants from engaging in the importation into, sale for importation into, the sale after importation of, or otherwise transferring within the United States certain of the Company's television tuners or televisions containing such tuners. The target date for completing the ITC investigation is June 29, 2015. The District Court litigation is currently stayed.

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Notwithstanding the completion of the ITC trial and post-trial briefing, the Company's overall litigation with CrestaTech is still in the early stages, and it has not recorded an accrual for loss contingencies associated with the litigation; determined that an unfavorable outcome is probable or reasonably possible; or determined that the amount or range of any possible loss is reasonably estimable.

Silicon Labs Litigation

As disclosed in the Company's Current Report on Form 8-K, as filed with the SEC on October 4, 2013, the Company entered into a settlement agreement with Silicon Labs, that resolved all currently outstanding patent litigation between the Company and Silicon Labs that is described above. Under the terms of the settlement agreement, each party agreed to dismiss all currently outstanding litigation against the other party with prejudice. In connection with the settlement agreement, each party granted the other party a worldwide, non-exclusive, royalty-free, and fully paid-up license to its patent portfolio. The scope of the patent licenses is limited to existing products that were subject to the litigation. The settlement agreement releases each party and their respective direct and indirect customers from past infringement liability with respect to the products subject to the litigation. Each party agreed not to bring any patent infringement lawsuit against the other party for a period of three years from the date of the settlement agreement. The parties agreed that neither the execution and delivery of the settlement agreement nor any provision of the settlement agreement constituted an admission by either the Company or Silicon Labs of liability, infringement, or validity of any licensed patents.

The Company evaluated the settlement agreement as a multiple element arrangement which required the payment consideration to be allocated to the identifiable elements based on relative fair value. As a result, the Company determined that the \$1.25 million payment to Silicon Labs should be expensed and recorded in selling, general and administrative expense in the year ended December 31, 2013. The Company had not previously recorded an accrual for loss contingencies associated with Silicon Labs litigation as it was not able to determine that an unfavorable outcome was probable or reasonably possible or determine that the amount or range of any possible loss was reasonably estimable given the early stage of the discovery process in prior quarters.

Export Compliance Matter

In the first quarter of 2012, the Company determined that it may have taken actions that could constitute facilitation (within the meaning of applicable sanctions and export control laws) of shipments of foreign produced products to Iran or taken other actions that may be in violation of U.S. export control and economic sanctions laws. Specifically, certain of the Company's tuner products, which are foreign produced and not subject to U.S. export controls, were included in set-top converter boxes produced by set-top box manufacturers in Asia to permit conversion of digital television signals to analog signals in international markets, including Iran, using the DVB-T, or Digital Video Broadcasting – Terrestrial, broadcast standard. The DVB-T standard is used in most of Europe, Asia (excluding China), Australia, and Africa as well as in parts of the Middle East, including Iran. While the underlying shipment of the Company's tuners into Iran by foreign manufacturers of these set-top boxes may have been lawful, the Company may have violated applicable sanctions and export control laws without the proper U.S. Government authorization.

The Company initially identified these potential violations internally, rather than as a result of a third-party audit or government investigation, and upon learning of these potential violations, the Company's audit committee promptly retained outside counsel to conduct a review of the Company's sanctions and export control compliance. On February 7, 2012, the Company made voluntary initial filings with the Office of Foreign Assets Control of the United States Department of the Treasury, or OFAC, and with the Bureau of Industry and Security of the United States Department of Commerce, or BIS, notifying these regulatory agencies that the Company was conducting a review of export control matters and that the Company would submit any supplemental voluntary self-disclosures once the Company's internal review was complete. The initial stage of the review was concluded in March 2012. Subsequently, the Company also learned that the Company was not in full compliance with BIS's deemed export rule which requires, in some circumstances, that the companies obtain a deemed export license from BIS for employment of certain foreign nationals even if, as was the Company's situation, the Company had obtained an H1-B visa prior to employing

the individual. The Company has now applied for such license with respect to the subject employee. In connection with its March 2012 review, the Company's audit committee determined that the Company's management team lacked sufficient familiarity with and understanding of export control and sanctions laws and their applicability to the

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Company's products and services. The Company's audit committee concluded that the Company's management team did not intentionally or knowingly violate applicable sanctions and export control laws.

The Company submitted final voluntary disclosures to OFAC on June 1, 2012 and BIS on June 15, 2012 and July 11, 2012. On September 27, 2012, OFAC closed out the Company's Voluntary Self Disclosure with the issuance of a cautionary letter, and no monetary or other penalty was imposed against the Company. On November 6, 2012, BIS closed out the Company's Voluntary Self Disclosure with the issuance of a warning letter, which means that no monetary or other penalty was imposed against the Company.

In the year ended December 31, 2012, the Company reduced its previously recorded estimates of OFAC and BIS penalties and fines by \$0.9 million. At December 31, 2012, the Company had no liability recorded for this matter. As a result of increased awareness relative to U.S. export control and economic sanction laws relating to the sale of its products, the Company has implemented additional export control compliance management oversight and has undertaken remedial measures to reduce the risk of similar events occurring in the future.

Warranties and Indemnifications

In connection with the sale of products in the ordinary course of business, the Company often makes representations affirming, among other things, that its products do not infringe on the intellectual property rights of others, and agree to indemnify customers against third-party claims for such infringement. Further, the Company's certificate of incorporation and bylaws require the Company to indemnify its officers and directors against any action that may arise out of their services in that capacity, and the Company has also entered into indemnification agreements with respect to all of its directors and certain controlling persons. As of December 31, 2014 and 2013, no expenses were incurred under such provisions. As of December 31, 2012, the Company incurred expenses of \$0.3 million under such provisions related to a previously disclosed export compliance matter.

Other Matters

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

7. Stock-Based Compensation and Employee Benefit Plans

Common Stock

At December 31, 2014, the Company had 500 million authorized shares of Class A common stock and 500 million authorized shares of Class B common stock. Holders of the Company's Class A and Class B common stock have identical voting rights, except that holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to ten votes per share with respect to transactions that would result in a change of control of the Company or that relate to the Company's equity incentive plans. In addition, holders of Class B common stock have the exclusive right to elect two members of the Company's Board of Directors, each referred to as a Class B Director. The shares of Class B common stock are not publicly traded. Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock and in most instances automatically converts upon sale or other transfer.

Stock Repurchase

In the year ended December 31, 2012, the Company's board of directors and the audit committee of the Company's board of directors approved the repurchase and retirement of 1.2 million shares of the Company's Class A common stock and the repurchase and retirement of 1.0 million shares of the Company's Class B common stock. The Company effected the repurchases pursuant to a stock repurchase agreement. The per share repurchase price for both Class A and Class B shares repurchased was the closing price of the Company's Class A common stock in trading on the New York Stock Exchange on the date of the agreement. The aggregate repurchase price was \$12.1 million. There were no stock repurchases in the year ended December 31, 2014 and 2013.

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Other than the transactions disclosed above, the Company's board of directors has not authorized any stock repurchase program, and the Company has no current plans to effect any open-market purchases of its Class A common stock or other repurchases of its Class B common stock from two of its shareholders.

Exchange Offer

In May 2012, the Company completed an offer to exchange (the "Exchange Offer") for restricted stock units (RSUs), certain outstanding options to purchase shares of the Company's Class A common stock and shares of the Company's Class B common stock. Pursuant to the terms and conditions of the Exchange Offer, the Company accepted for exchange options to purchase 1.3 million shares of the Company's Class A common stock and 0.6 million shares of the Company's Class B common stock. All surrendered options were cancelled, and immediately thereafter, the Company issued a total of 1.0 million restricted stock units in exchange therefor, pursuant to the terms of the Exchange Offer. The Company accounted for the Exchange Offer as a modification of the original options as required by the accounting standard for stock-based compensation. The total Exchange Offer stock-based compensation is \$7.3 million, including the incremental value attributed to the modified options of \$1.8 million, which will be recognized over the vesting period of the new RSUs.

Employee Benefit Plans

At December 31, 2014, the Company had stock-based compensation awards outstanding under the following plans: the 2004 Stock Plan, the 2010 Equity Incentive Plan and the 2010 Employee Stock Purchase Plan. Upon the closing of the initial public offering in March 2010, all stock awards are issued under the 2010 Equity Incentive Plan and are no longer issued under the 2004 Stock Plan.

2010 Equity Incentive Plan

The 2010 Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance-based stock awards, and other forms of equity compensation, or collectively, stock awards. The aggregate number of shares of Class A common stock that may be issued pursuant to stock awards under the 2010 Plan will increase by any shares subject to stock options or other awards granted under the 2004 Stock Plan that expire or otherwise terminate without having been exercised in full and shares issued pursuant to awards granted under the 2004 Stock Plan that are forfeited to or repurchased by the Company. In addition, the number of shares of common stock reserved for issuance will automatically increase on the first day of each fiscal year, equal to the lesser of: 2.6 million shares of the Company's Class A common stock; four percent (4%) of the outstanding shares of the Company's Class A common stock and Class B common stock on the last day of the immediately preceding fiscal year; or such lesser amount as the Company's board of directors may determine. Options granted will generally vest over a four year period and the term can be from seven to ten years.

2010 Employee Stock Purchase Plan

The ESPP authorizes the issuance of shares of the Company's Class A common stock pursuant to purchase rights granted to the Company's employees. The number of shares of the Company's common stock reserved for issuance will automatically increase on the first day of each fiscal year, equal to the least of: 1.0 million shares of the Company's Class A common stock; one and a quarter percent (1.25%) of the outstanding shares of the Company's Class A common stock and Class B common stock on the first day of the fiscal year; or such lesser amount as may be determined by our board of directors or a committee appointed by our board of directors to administer the ESPP. The ESPP is implemented through a series of offerings of purchase rights to eligible employees. Under the ESPP, the Company may specify offerings with a duration of not more than 27 months, and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of the Company's common stock will be purchased for employees participating in the offering. An offering may be terminated under certain circumstances. Generally, all regular employees, including executive officers, employed by the Company may participate in the ESPP and may contribute up to 15% of their earnings for the purchase of the Company's common stock under the ESPP. Unless otherwise determined by the Company's board of directors, Class A common stock will be purchased for accounts of employees participating in the ESPP at a price per share equal to the lower of (a) 85% of

the fair market value of a share of the Company's Class A common stock on the first date of an offering or (b) 85% of the fair market value of a share of the Company's Class A common stock on the date of purchase.
Equity Incentive Bonus Plan

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In April 2012, the Company's compensation committee amended its Executive Incentive Bonus Plan to, among other things, permit the settlement of awards under the plan in the form of shares of its Class A common stock. In May 2013, the Company's compensation committee amended its Executive Incentive Bonus Plan to permit the settlement of awards under the plan in any combination of cash or shares of its Class A common stock. For the 2013 and 2012 performance period, actual awards under the Executive Incentive Bonus Plan were settled in Class A common stock issued under its 2010 Equity Incentive Plan with the number of shares issuable to plan participants determined based on the closing sales price of the Company's Class A common stock as determined in trading on the New York Stock Exchange on May 9, 2014 and May 3, 2013, respectively. Additionally, the Company settled all bonus awards for all other employees for the 2013 and 2012 performance period in shares of its Class A common stock. The Company issued 0.6 million shares of its Class A common stock for the 2013 performance period upon settlement of the bonus awards on May 9, 2014. The Company issued 0.8 million shares of its Class A common stock for the 2012 performance period upon settlement of the bonus awards on May 3, 2013.

At December 31, 2014, an accrual of \$3.1 million was recorded for bonus awards for employees for the 2014 performance period, which the Company intends to settle in shares of its Class A common stock issued under its 2010 Equity Incentive Plan, as amended, with the number of shares issuable to plan participants determined based on the closing sales price of the Company's Class A common stock as determined in trading on the New York Stock Exchange at a date to be determined. The Company's compensation committee retains discretion to effect payment in cash, stock, or a combination of cash and stock.

Stock-Based Compensation

Stock-based compensation expense is classified in the consolidated statements of operations based on the department to which the related employee reports. The Company recognized stock-based compensation in the statements of operations as follows:

	Years Ended December 31,		
	2014	2013	2012
Cost of net revenue	\$ 131	\$ 108	\$ 85
Research and development	9,686	8,258	6,382
Selling, general and administrative	5,191	4,620	3,517
	\$ 15,008	\$ 12,986	\$ 9,984

The total unrecognized compensation cost related to unvested stock options as of December 31, 2014 was \$3.1 million, and the weighted average period over which these equity awards are expected to vest is 2.14 years. The total unrecognized compensation cost related to unvested restricted stock units and restricted stock awards as of December 31, 2014 was \$18.1 million, and the weighted average period over which these equity awards are expected to vest is 2.21 years.

The Company records equity instruments issued to non-employees as expense at their fair value over the related service period as determined in accordance with the authoritative guidance and periodically revalues the equity instruments as they vest. Stock-based compensation expense related to non-employee consultants totaled \$0.1 million, \$0.2 million and \$0.8 million for 2014, 2013 and 2012, respectively.

Stock Options

The Company uses the Black-Scholes valuation model to calculate the fair value of stock options and employee stock purchase rights granted to employees. Stock-based compensation expense is recognized over the vesting period using the straight-line method and is classified in the consolidated statements of operations based on the department to which the related employee reports.

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

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Stock Options

	Years Ended December 31,			
	2014	2013	2012	
Weighted-average grant date fair value per share	\$4.03	\$3.24	\$2.37	
Risk-free interest rate	1.70	% 0.71	% 0.88	%
Dividend yield	—	—	—	
Expected life (years)	4.56	4.75	4.84	
Volatility	51.00	% 56.00	% 56.00	%
Employee Stock Purchase Rights				
	Years Ended December 31,			
	2014	2013	2012	
Weighted-average grant date fair value per share	\$ 2.03 - \$2.47	\$ 1.85 - \$2.09	\$ 1.28 - \$1.42	
Risk-free interest rate	0.05 - 0.07%	0.09 - 0.10%	0.14 - 0.15%	
Dividend yield	—	—	—	
Expected life (years)	0.50	0.50	0.50	
Volatility	47.75 - 46.82%	39.24 - 41.58%	46.60 - 55.74%	

The risk-free interest rate assumption was based on the United States Treasury's rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued. The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. The weighted-average expected life of options was calculated using the simplified method as prescribed by guidance provided by the SEC. This decision was based on the lack of historical data due to the Company's limited number of stock option exercises under the 2010 Equity Incentive Plan. In addition, due to the Company's limited historical data, the estimated volatility incorporates the historical volatility of comparable companies whose share prices are publicly available as well as the historical volatility of the Company. Effective for the year ended December 31, 2014, the Company is no longer incorporating the historical volatility of comparable companies in determining estimated volatility.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Contractual Term (in Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	3,704	\$ 5.23		
Granted	419	9.23		
Exercised	(96)	2.76		
Canceled	(64)	) 6.64		
Outstanding at December 31, 2014	3,963	\$ 5.69	4.59	\$8,315
Vested and expected to vest at December 31, 2014	3,930	\$ 5.68	4.59	\$8,286
Exercisable at December 31, 2014	2,567	\$ 5.10	4.21	\$6,718

The intrinsic value of stock options exercised during 2014, 2013 and 2012 was \$0.6 million, \$0.3 million and \$2.1 million, respectively.

Restricted Stock Units and Restricted Stock Awards

The Company calculates the fair value of restricted stock units and restricted stock awards based on the fair market value of the Company's Class A common stock on the grant date. Stock-based compensation expense is recognized over the vesting

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period using the straight-line method and is classified in the consolidated statements of operations based on the department to which the related employee reports.

A summary of the Company's restricted stock unit and restricted stock award activity is as follows:

	Number of Shares	Weighted-Average Grant-Date Fair Value per Share
Outstanding at December 31, 2013	4,484	\$ 6.40
Granted	1,786	8.85
Vested	(2,467)	7.30
Canceled	(291)	6.57
Outstanding at December 31, 2014	3,512	\$ 7.00

The intrinsic value of restricted stock units and restricted stock awards vested during 2014, 2013 and 2012 was \$21.9 million, \$14.9 million, and \$3.2 million, respectively. The intrinsic value of restricted stock units and restricted stock awards outstanding at December 31, 2014 was \$26.0 million.

Shares Reserved for Future Issuance

Common stock reserved for future issuance is as follows:

	December 31, 2014
Stock options outstanding	3,963
Restricted stock units and restricted stock awards outstanding	3,512
Authorized for future grants under 2010 Equity Incentive Plan	5,090
Authorized for future issuance under 2010 Employee Stock Purchase Plan	511
Total	13,076

8. Income Taxes

The domestic and international components of loss before provision (benefit) from income taxes are presented as follows:

	Years Ended December 31,		
	2014	2013	2012
Domestic	\$(9,631)	\$(12,770)	\$(11,918)
Foreign	886	439	(993)
Loss before income taxes	\$(8,745)	\$(12,331)	\$(12,911)

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Income tax provision (benefit) consists of the following:

	Years Ended December 31,		
	2014	2013	2012
Current:			
Federal	\$—	\$—	\$—
State	1	—	—
Foreign	577	574	351
Total current	578	574	351
Deferred:			
Federal	(3,341	) (5,217	) (4,162
State	253	(1,174	) (2,062
Foreign	54	(166) —
Valuation allowance release due to acquisition	(2,335) —	—
Change in valuation allowance	3,087	6,385	6,214
Total deferred	(2,282	) (172	) (10
Total income tax provision (benefit)	\$(1,704	) \$402	\$341

The actual income tax provision (benefit) differs from the amount computed using the federal statutory rate as follows:

	Years Ended December 31,		
	2014	2013	2012
Benefit at statutory rate	\$(2,973	) \$(4,191	) \$(4,390
State income taxes (net of federal benefit)	(391	) 1	(1,247
Research and development credits	(66	) (3,630	) (858
Foreign rate differential	(31	) (80	) 445
Stock compensation	609	460	278
Foreign deemed dividend	—	835	—
Estimated export compliance fines and penalties	—	—	(255
Uncertain tax positions	304	266	199
Permanent and other	92	356	(45
Valuation allowance release due to acquisition	(2,335) —	—
Valuation allowance	3,087	6,385	6,214
Total provision (benefit) for income taxes	\$(1,704) \$402	\$341

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The components of the deferred income tax assets are as follows:

	December 31,	
	2014	2013
Deferred tax assets:		
Net operating loss carryforwards	\$9,924	\$8,545
Research and development credits	12,783	12,718
Accrued expenses and other	1,044	476
Accrued compensation	994	1,686
Stock-based compensation	4,516	2,732
Depreciation and amortization	250	2,637
	29,511	28,794
Less valuation allowance	(29,399	) (28,628
Net deferred tax assets	\$112	\$166

At December 31, 2014, the Company had federal and state tax net operating loss carryforwards of approximately \$36.2 million and \$31.0 million, respectively. Included in the federal loss carryover is approximately \$3.9 million of net operating loss carryover acquired in the Physpeed acquisition. These amounts include share-based compensation for federal and state of \$11.7 million and \$3.8 million, that will be recorded to contributed capital when realized. The federal and state tax loss carryforwards will begin to expire in 2026 and 2018, respectively, unless previously utilized. At December 31, 2014, the Company had federal and state tax credit carryforwards of approximately \$10.4 million and \$11.0 million, respectively. The federal tax credit carryforward will begin to expire in 2024, unless previously utilized. The state tax credits do not expire. In addition, the Company has federal alternative minimum tax credit carryforwards of \$0.2 million that can be carried forward indefinitely.

Pursuant to Internal Revenue Code Section 382 and 383, use of the Company's net operating loss and credit carryforwards may be limited if a cumulative change in ownership of more than 50% occurs within a three-year period.

A future change of ownership may cause a limitation on the utilization of net operating loss or credit carryforwards. The Company evaluated its net deferred income taxes, which included an assessment of the cumulative income or loss over the prior three-year period and future periods, to determine if a valuation allowance is required. After considering its recent history of losses and management's expectations of additional near-term losses, the Company recorded a valuation allowance on its net federal deferred tax assets, with a corresponding charge to its income tax provision of approximately \$6.7 million during 2011. During 2014, 2013 and 2012, the Company maintained a valuation allowance against all of its federal and state deferred tax assets as realization of such assets does not meet the more-likely-than-not threshold required under accounting guidelines. The Company will continue to assess the need for a valuation allowance on the deferred tax assets by evaluating positive and negative evidence that may exist. The change in valuation allowance during 2014 related to operations was \$3.1 million. Additionally, the Company completed the acquisition of Physpeed in the fourth quarter. As a result of the acquisition, there was a valuation allowance release resulting in a tax benefit of \$2.3 million due to the purchase accounting adjustment for the net deferred tax liability acquired, which can be used as a future source of income to offset the existing deferred tax assets. The acquired deferred tax liability will reverse within the net operating loss carryover period.

At December 31, 2014, the Company's unrecognized tax benefits totaled \$10.8 million, \$8.9 million of which, if recognized at a time when the valuation allowance no longer exists, would affect the effective tax rate. The Company will recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense. At December 31, 2014, the Company had accrued approximately \$0.1 million of interest and penalties. The Company does not expect any significant increases or decreases to its unrecognized tax benefits within twelve months.

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The following table summarizes the changes to the unrecognized tax benefits during 2014, 2013 and 2012:

Balance as of December 31, 2011	\$3,020	
Additions based on tax positions related to the current year	725	
Additions based on tax positions of prior year	132	
Decreases based on tax positions of prior year	(127)
Balance as of December 31, 2012	3,750	
Additions based on tax positions related to the current year	1,689	
Additions based on tax positions of prior years	23	
Balance as of December 31, 2013	5,462	
Additions based on tax positions related to the current year	3,158	
Additions based on tax positions of prior years	2,188	
Balance as of December 31, 2014	\$10,808	

The Company is subject to federal and state income tax in the United States and is also subject to income tax in certain other foreign tax jurisdictions. At December 31, 2014, the Company is no longer subject to federal, state or foreign income tax examinations for the years before 2011, 2010, and 2007, respectively. However, to the extent allowed by law, the tax authorities may have the right to examine prior periods where net operating losses or tax credits were generated and carried forward, and make adjustments up to the amount of the net operating loss or credit carryforward amount.

At December 31, 2013, the Company was under examination by the federal tax authorities for the tax years 2010 and 2011. This examination closed in January 2014. The impact of any adjustments has been reflected in 2013. At December 31, 2012, the Company was under examination by the California tax authorities for the tax years 2008 and 2009. This examination closed during the three months ended March 31, 2013 with no adjustment to taxable income. On January 2, 2013, the American Taxpayer Relief Act of 2012 was enacted. The Act included several provisions related to corporate income tax including the reinstatement of the credit for qualified research and development. The credit was reinstated for years beginning after January 1, 2012. On December 19, 2014, the Tax Increase Prevention Act was enacted. The Act included several business tax provisions including the extension of the credit for qualified research and development through 2014.

9. Employee Retirement Plan

The Company has a 401(k) defined contribution retirement plan (the 401(k) Plan) covering all eligible employees. Participants may voluntarily contribute on a pre-tax basis an amount not to exceed a maximum contribution amount pursuant to Section 401(k) of the Internal Revenue Code. The Company is not required to contribute, nor has it contributed, to the 401(k) Plan for any of the periods presented.

10. Selected Quarterly Financial Data (Unaudited)

The following table presents the Company's unaudited quarterly financial data for each of the eight quarters in the period ended December 31, 2014. In management's opinion, this information has been presented on the same basis as the audited consolidated financial statements included in a separate section of this report, and all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts below to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements and related notes. The operating results for any quarter should not be relied upon as necessarily indicative of results for any future period.

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	Year Ended December 31, 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands)			
Net revenue	\$32,501	\$35,592	\$32,541	\$32,478
Gross profit	\$20,053	\$22,246	\$19,909	\$19,750
Net income (loss)	\$(862)	\$(612)	\$(3,205)	\$(2,362)
Net income (loss) per share:				
Basic	\$(0.02)	\$(0.02)	\$(0.09)	\$(0.06)
Diluted	\$(0.02)	\$(0.02)	\$(0.09)	\$(0.06)
	Year Ended December 31, 2013			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands)			
Net revenue	\$26,534	\$29,773	\$31,765	\$31,574
Gross profit	\$16,712	\$17,296	\$19,831	\$19,124
Net income (loss)	\$(2,300)	\$(2,904) ¹	\$(4,882) ²	\$(2,647)
Net income (loss) per share:				
Basic	\$(0.07)	\$(0.09)	\$(0.14)	\$(0.08)
Diluted	\$(0.07)	\$(0.09)	\$(0.14)	\$(0.08)

¹ Includes an impairment charge of \$1.1 million related to the remaining net book value of production masks that were previously capitalized, but for which future use is no longer expected.

² Includes a one-time payment of \$1.25 million to Silicon Labs in connection with the settlement agreement.

11. Subsequent Events

Acquisition of Entropic Communications, Inc.

On February 3, 2015, the Company entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement") with Entropic Communications, Inc., a Delaware corporation ("Entropic"), Excalibur Acquisition Corporation, a Delaware corporation ("Excalibur"), and Excalibur Subsidiary, LLC, a Delaware limited liability corporation ("ESLLC"). Pursuant to the Merger Agreement, Excalibur will merge with and into Entropic with Entropic continuing as the surviving corporation and as the Company's wholly-owned subsidiary. As soon as practicable after such merger, the surviving corporation in the first merger will merge with and into ESLLC with ESLLC continuing as the surviving company and as the Company's wholly-owned subsidiary. Under the terms of the Merger Agreement, at the effective time of the merger (as defined in the Merger Agreement), each outstanding share of Entropic common stock will be converted into the right to receive 0.2200 of a share of the Company's Class A common stock, \$0.001 par value, and \$1.20 in cash, without interest. The merger transactions are subject to the separate approvals of the stockholders of the Company and Entropic, regulatory approvals, and other customary closing conditions.

Entropic Communications Merger Litigation

The Delaware Actions

Beginning on February 9, 2015, a number of stockholder class action complaints were filed in the Court of Chancery of the State of Delaware on behalf of a putative class of Entropic Communications, Inc. ("Entropic") stockholders and naming as defendants Entropic, the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC. Langholz v. Entropic Communications, Inc., et al., C.A. No. 10631-VCP (Del. Ch. filed Feb. 9, 2015); Tomblin v. Entropic Communications, Inc., et al., C.A. No. 10632-VCP (Del. Ch. filed Feb. 9, 2015); Crill v. Entropic Communications, Inc., et al., C.A. No. 10640-VCP (Del. Ch. filed Feb. 11, 2015); Wohl v. Entropic Communications, Inc., et

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al., C.A. No. 10644-VCP (Del. Ch. filed Feb. 11, 2015); Parshall v. Entropic Communications, Inc., et al., C.A. No. 10652-VCP (Del. Ch. filed Feb. 12, 2015); Saggat v. Padval, et al., C.A. No. 10661-VCP (Del. Ch. filed Feb. 13, 2015); Respler v. Entropic Communications, Inc., et al., C.A. No. 10669-VCP (Del. Ch. filed Feb. 17, 2015); Gal v. Entropic Communications, Inc., et al., C.A. No. 10671-VCP (Del. Ch. filed Feb. 17, 2015); Werbowski v. Padval, et al., C.A. No. 10673-VCP (Del. Ch. filed Feb. 18, 2015); and Agosti v. Entropic Communications, Inc., C.A. No. 10676-VCP (Del. Ch. filed Feb. 18, 2015). The complaints generally allege that, in connection with the proposed acquisition of Entropic by MaxLinear, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that Entropic, MaxLinear, and/or the merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The complaints seek, among other things, an order enjoining the defendants from consummating the proposed transaction, an order declaring the merger agreement unlawful and unenforceable; in the event that the proposed transaction is consummated, an order rescinding it and setting it aside or awarding rescissory damages to the class, imposition of a constructive trust; damages; and/or attorneys' fees and costs.

The California Actions

Beginning on February 10, 2015, two stockholder class action complaints were filed in the Superior Court of the State of California County of San Diego on behalf of a putative class of Entropic stockholders and naming as defendants Entropic, the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC. Krasinski v. Entropic Communications, Inc., et al., Case No. 37-2015-00004613-CU-SL-CTL (Cal. Super. Ct. San Diego Cnty. filed Feb. 9, 2015); and Khoury v. Entropic Communications, Inc., et al., Case No. 37-2015-00004737-CU-SL-CTL (Cal. Super. Ct. San Diego Cnty. filed Feb. 11, 2015). The complaints generally allege that, in connection with the proposed acquisition of Entropic by MaxLinear, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that MaxLinear and the merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The complaints seek, among other things, an order enjoining the defendants from consummating the proposed transaction, an order rescinding, to the extent already implemented, the proposed transaction or any of its terms, or granting the class rescissory damages, damages, and attorneys' fees and costs.