

MAXLINEAR INC
Form 10-Q
May 06, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2015

OR

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

For the Transition Period From to

Commission file number: 001-34666

MaxLinear, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	14-1896129
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer 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)

N/A
(Former name, former address and former fiscal year, if changed since last report)
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

As of April 23, 2015, the registrant has 31,364,229 shares of Class A common stock, par value \$0.0001, and 6,970,834 shares of Class B common stock, par value \$0.0001, outstanding.

MAXLINEAR, INC.
 QUARTERLY REPORT ON FORM 10-Q
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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MAXLINEAR, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except par amounts)

	March 31, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$22,769	\$20,696
Short-term investments, available-for-sale	42,173	48,399
Accounts receivable, net	20,666	18,523
Inventory	12,849	10,858
Prepaid expenses and other current assets	3,574	2,438
Total current assets	102,031	100,914
Property and equipment, net	11,264	12,441
Long-term investments, available-for-sale	16,332	10,256
Intangible assets, net	10,191	10,386
Goodwill	1,201	1,201
Other long-term assets	490	513
Total assets	\$141,509	\$135,711
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$7,526	\$7,509
Deferred revenue and deferred profit	3,633	3,612
Accrued price protection liability	12,665	10,018
Accrued expenses and other current liabilities	7,601	5,548
Accrued compensation	8,433	6,559
Total current liabilities	39,858	33,246
Other long-term liabilities	3,522	3,363
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 25,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.0001 par value; 550,000 shares authorized, no shares issued or outstanding	—	—
Class A common stock, \$0.0001 par value; 500,000 shares authorized, 31,311 and 30,927 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	3	3
Class B common stock, \$0.0001 par value; 500,000 shares authorized, 6,972 and 6,984 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital	181,614	177,912
Accumulated other comprehensive income (loss)	22	(25)
Accumulated deficit	(83,511)	(78,789)
Total stockholders' equity	98,129	99,102
Total liabilities and stockholders' equity	\$141,509	\$135,711
See accompanying notes.		

MAXLINEAR, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Three Months Ended March 31,	
	2015	2014
Net revenue	\$35,396	\$32,501
Cost of net revenue	13,725	12,448
Gross profit	21,671	20,053
Operating expenses:		
Research and development	15,281	13,095
Selling, general and administrative	10,944	7,761
Total operating expenses	26,225	20,856
Loss from operations	(4,554)	(803)
Interest income	70	61
Interest expense	—	—
Other expense, net	(34)	(12)
Loss before provision for income taxes	(4,518)	(754)
Provision for income taxes	204	108
Net loss	\$(4,722)	\$(862)
Net loss per share:		
Basic	\$(0.12)	\$(0.02)
Diluted	\$(0.12)	\$(0.02)
Shares used to compute net loss per share:		
Basic	38,015	35,369
Diluted	38,015	35,369

See accompanying notes.

MAXLINEAR, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

	Three Months Ended March 31,		
	2015	2014	
Net loss	\$(4,722	) \$(862)
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on investments, net of tax of \$0 for the three months ended March 31, 2015 and 2014, respectively	35	(1)
Foreign currency translation adjustments, net of tax of \$0 for the three months ended March 31, 2015 and 2014, respectively	12	(1)
Other comprehensive income (loss)	47	(2)
Total comprehensive loss	\$(4,675	) \$(864)

See accompanying notes.

MAXLINEAR, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 31,	
	2015	2014
Operating Activities		
Net loss	\$(4,722)	\$(862)
Adjustments to reconcile net loss to cash provided by operating activities:		
Amortization and depreciation	1,639	1,134
Amortization of investment premiums, net	149	210
Stock-based compensation	3,719	3,393
Deferred income taxes	—	11
Changes in operating assets and liabilities:		
Accounts receivable	(2,143)	(1,320)
Inventory	(1,991)	(1,010)
Prepaid and other assets	(416)	(42)
Accounts payable, accrued expenses and other current liabilities	2,832	590
Accrued compensation	1,874	2,039
Deferred revenue and deferred profit	21	529
Accrued price protection liability	2,647	(637)
Other long-term liabilities	159	56
Net cash provided by operating activities	3,768	4,091
Investing Activities		
Purchases of property and equipment	(1,024)	(1,445)
Purchases of available-for-sale securities	(16,153)	(18,699)
Maturities of available-for-sale securities	16,190	18,195
Net cash used in investing activities	(987)	(1,949)
Financing Activities		
Net proceeds from issuance of common stock	248	49
Minimum tax withholding paid on behalf of employees for restricted stock units	(265)	(136)
Deferred issuance costs	(697)	—
Net cash used in financing activities	(714)	(87)
Effect of exchange rate changes on cash and cash equivalents	6	(5)
Increase in cash and cash equivalents	2,073	2,050
Cash and cash equivalents at beginning of period	20,696	26,450
Cash and cash equivalents at end of period	\$22,769	\$28,500
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$55	\$17
Supplemental disclosures of non-cash activities:		
Accrued purchases of property and equipment	\$87	\$2,009
See accompanying notes.		

MAXLINEAR, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

1. Organization and Summary of Significant Accounting Policies

Description of Business

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

Acquisition of Entropic Communications, Inc.

On April 30, 2015, the Company completed its acquisition of Entropic Communications, Inc. (Entropic). Pursuant to the terms of the merger agreement dated as of February 3, 2015, by and among the Company, Entropic, and two wholly-owned subsidiaries of the Company, all of the Entropic outstanding shares were converted into the right to receive consideration consisting of cash and shares of the Company's Class A common stock. The Company paid an aggregate of approximately \$111.0 million and issued an aggregate of 20.4 million shares of the Company's Class A common stock, to the stockholders of Entropic. In addition, the Company assumed all outstanding Entropic stock options and unvested restricted stock units that were held by continuing service providers (as defined in the merger agreement). The Company has not made all of the remaining disclosures required by ASC 805-10-50-2, Business Combinations, as it is currently in the process of completing the purchase accounting for the acquisition. The Company used Entropic's cash and cash equivalents to fund a significant portion of the cash portion of the merger consideration and, to a lesser extent, its own cash and cash equivalents.

In connection with the Company's acquisition of Entropic and to address issues primarily relating to the integration of the Company and Entropic businesses, the Company terminated the employment of 56 Entropic employees, effective as of May 1, 2015, and 6 Entropic employees, effective as of May 6, 2015. The Company currently expects to recognize associated non-recurring severance charges of approximately \$5 million in the three and six months ended June 30, 2015 related to these terminations.

Basis of Presentation and Principles of Consolidation

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

The functional currency of certain foreign subsidiaries is the local currency. Accordingly, assets and liabilities of these foreign subsidiaries are translated at the current exchange rate at the balance sheet date and historical rates for equity. Revenue and expense components are translated at weighted average exchange rates in effect during the period. Gains and losses resulting from foreign currency translation are included as a component of stockholders' equity. Foreign currency transaction gains and losses are included in the results of operations and, to date, have not been significant. The Company has prepared the accompanying unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by U.S. generally accepted accounting principles, or GAAP, for complete financial statements. In the opinion of management, all adjustments, which include only normal recurring adjustments, considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes thereto for the year ended December 31, 2014 included in the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission, or SEC, on February 23, 2015, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 12, 2015.

Use of Estimates

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MAXLINEAR, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

Revenue Recognition

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

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

A portion of the Company's revenues are generated from sales made through distributors under agreements allowing for pricing credits and/or stock rotation rights of return. Revenues from the Company's distributors accounted for 21% of net revenue for the three months ended March 31, 2015. Revenues from the Company's distributors accounted for 29% of net revenue for the three months ended March 31, 2014. Pricing credits to the Company's distributors may result from its price protection and unit rebate provisions, among other factors. These pricing credits and/or stock rotation rights prevent the Company from being able to reliably estimate the final sales price of the inventory sold and the amount of inventory that could be returned pursuant to these agreements. As a result, for sales through distributors, the Company has determined that it does not meet all of the required revenue recognition criteria at the time it delivers its products to distributors as the final sales price is not fixed or determinable.

For these distributor transactions, revenue is not recognized until product is shipped to the end customer and the amount that will ultimately be collected is fixed or determinable. Upon shipment of product to these distributors, title to the inventory transfers to the distributor and the distributor is invoiced, generally with 30 day terms. On shipments to the Company's distributors where revenue is not recognized, the Company records a trade receivable for the selling price as there is a legally enforceable right to payment, relieving the inventory for the carrying value of goods shipped since legal title has passed to the distributor, and records the corresponding gross profit in the consolidated balance sheet as a component of deferred revenue and deferred profit, representing the difference between the receivable recorded and the cost of inventory shipped. Future pricing credits and/or stock rotation rights from the Company's distributors may result in the realization of a different amount of profit included in the Company's future consolidated statements of operations than the amount recorded as deferred profit in the Company's consolidated balance sheets. The Company records reductions in revenue for estimated pricing adjustments related to price protection agreements with the Company's end customers in the same period that the related revenue is recorded. Price protection pricing adjustments are recorded at the time of sale as a reduction to revenue and an increase in the Company's accrued liabilities. The amount of these reductions is based on specific criteria included in the agreements and other factors known at the time. The Company accrues 100% of potential price protection adjustments at the time of sale and does not apply a breakage factor. The Company reverses the accrual for unclaimed price protection amounts as specific programs contractually end or when the Company believes unclaimed amounts are no longer subject to payment and will not be paid. See Note 5 for a summary of the Company's price protection activity.

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.

Goodwill and Intangible Assets

MAXLINEAR, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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 lesser 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. Once an IPR&D project is complete, it becomes a definite lived intangible asset and is evaluated for impairment both immediately prior to its change in classification and thereafter in accordance with the Company's policy for long-lived assets.

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

Recent Accounting Pronouncements

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

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

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

for the period determined using the treasury-stock method. For purposes of this calculation, common stock options, restricted stock units and restricted stock awards are considered to be common stock equivalents and are only included in the calculation of diluted EPS when their effect is dilutive.

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

	Three Months Ended March 31,	
	2015	2014
Numerator:		
Net loss	\$(4,722)	\$(862)
Denominator:		
Weighted average common shares outstanding—basic	38,015	35,369
Dilutive common stock equivalents	—	—
Weighted average common shares outstanding—diluted	38,015	35,369
Net loss per share:		
Basic	\$(0.12)	\$(0.02)
Diluted	\$(0.12)	\$(0.02)

The Company excluded 3.3 million and 3.0 million common stock equivalents for the three months ended March 31, 2015 and 2014, respectively, resulting from outstanding equity awards for the calculation of diluted net loss per share due to their anti-dilutive nature.

3. Business Combination

Acquisition of Entropic Communications, Inc.

For information on this business combination, please refer to the information presented in Note 1 - Organization and Summary of Significant Accounting Policies - Acquisition of Entropic Communications, Inc. of these unaudited consolidated financial statements.

Acquisition of Physpeed, Co., Ltd.

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

MAXLINEAR, INC.

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

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:

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

Compensation Arrangements

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MAXLINEAR, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

Earn-Out

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

RSU Awards

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

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

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

The Company will record compensation expense for the 2015 RSUs over a 14 month service period from October 31, 2014 through December 31, 2015. The Company will record compensation expense for the 2016 RSUs over a 26 month service period from October 31, 2014 through December 31, 2016. The Company has recorded an accrual for the stock-based compensation expense for the 2015 and 2016 RSUs of \$0.2 million at March 31, 2015.

MAXLINEAR, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

4. Financial Instruments

The composition of financial instruments is as follows:

	March 31, 2015			Fair Value
	Amortized Cost	Gross Unrealized Gains	Unrealized Losses	
Assets				
Money market funds	\$2,000	\$—	\$—	\$2,000
Government debt securities	25,116	8	(5	) 25,119
Corporate debt securities	33,396	6	(16	) 33,386
	60,512	14	(21	) 60,505
Less amounts included in cash and cash equivalents	(2,000	) —	—	(2,000)
	\$58,512	\$14	\$(21	) \$58,505
				Fair Value at March 31, 2015
Liabilities				
Contingent Consideration				\$82
Total				\$82
	December 31, 2014			Fair Value
	Amortized Cost	Gross Unrealized Gains	Unrealized Losses	
Assets				
Money market funds	\$1,858	\$—	\$—	\$1,858
Government debt securities	27,154	5	(8	) 27,151
Corporate debt securities	31,543	3	(42	) 31,504
	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

As of March 31, 2015, the Company held 22 corporate debt securities with an aggregate fair value of \$34.0 million that were in an unrealized loss position for less than 12 months. The gross unrealized losses of \$0.02 million at March 31, 2015 represent temporary impairments on corporate debt securities related to multiple issuers, and were primarily caused by fluctuations in U.S. interest rates. The Company evaluates securities for other-than-temporary impairment on a quarterly basis. Impairment is evaluated considering numerous factors, and their relative significance varies depending on the situation. Factors considered include the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the issuer; including changes in the financial condition of the security's underlying collateral; any downgrades of the security by a rating agency; nonpayment of scheduled interest, or the reduction or elimination of dividends; as well as our intent and ability to hold the security in order to allow for an anticipated recovery in fair value.

All of the Company's long-term available-for-sale securities were due between 1 and 2 years as of March 31, 2015.

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

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MAXLINEAR, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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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 March 31, 2015 and December 31, 2014, the Company has not made any adjustments to the prices obtained from its third party pricing providers. The contingent liability is classified as Level 3 as of March 31, 2015 and December 31, 2014 and is valued using an internal rate of return model. The assumptions used in preparing the internal rate of return model include estimates for future revenues related to Physpeed products and services and a discount factor of 0.64% to 0.34% and 0.54% to 0.33% at March 31, 2015 and December 31, 2014, respectively. The assumptions used in preparing the internal rate of return model include estimates for outcome if milestone goals are achieved, the probability of achieving each outcome and discount rates. Significant changes in any of the unobservable inputs used in the fair value measurement of contingent consideration in isolation could result in a significantly lower or higher fair value. A change in estimated future revenues would be accompanied by a directionally similar change in fair value.

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

	Balance at March 31, 2015	Fair Value Measurements at March 31, 2015		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	\$2,000	\$2,000	\$—	\$—
Government debt securities	25,119	—	25,119	—
Corporate debt securities	33,386	—	33,386	—
	\$60,505	\$2,000	\$58,505	\$—
Liabilities				
Contingent consideration	\$82	\$—	\$—	\$82
	\$82	\$—	\$—	\$82

MAXLINEAR, INC.

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

The following summarizes the activity in Level 3 financial instruments:

	March 31, 2015	December 31, 2014
Contingent Consideration ⁽¹⁾		
Beginning balance	\$265	\$—
Issues	—	265
(Gain) loss recognized in earnings ⁽²⁾	(183)	—
Ending balance	\$82	\$265
Net gain (loss) for the period included in earnings attributable to contingent consideration held at the end of the period:	\$183	\$—

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

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

There were no transfers between Level 1, Level 2 or Level 3 securities in the three months ended March 31, 2015.

5. Balance Sheet Details

Cash and cash equivalents and investments consist of the following:

	March 31, 2015	December 31, 2014
Cash and cash equivalents	\$22,769	\$20,696
Short-term investments	42,173	48,399
Long-term investments	16,332	10,256
	\$81,274	\$79,351

Inventory consists of the following:

	March 31, 2015	December 31, 2014
Work-in-process	\$6,859	\$4,169
Finished goods	5,990	6,689
	\$12,849	\$10,858

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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Property and equipment consist of the following:

	Useful Life (in Years)	March 31, 2015	December 31, 2014
Furniture and fixtures	5	\$757	\$735
Machinery and equipment	3 -5	12,864	12,695
Masks and production equipment	2	8,672	8,672
Software	3	1,193	905
Leasehold improvements	4 -5	4,451	4,451
Construction in progress	N/A	68	276
		28,005	27,734
Less accumulated depreciation and amortization		(16,741)	(15,293)
		\$11,264	\$12,441

Intangible assets, net consist of the following:

	Weighted Average Amortization Period (in Years)	March 31, 2015	December 31, 2014
Licensed technology	3	\$2,821	\$2,821
Developed technology	7	3,100	2,700
Less accumulated amortization		(2,630)	(2,435)
		3,291	3,086
In-process research and development		6,900	7,300
		\$10,191	\$10,386

The following table presents future amortization of the Company's intangible assets at March 31, 2015:

	Amortization
2015	\$571
2016	555
2017	443
2018	443
2019	443
Thereafter	836
Total	\$3,291

Deferred revenue and deferred profit consist of the following:

	March 31, 2015	December 31, 2014
Deferred revenue—rebates	\$43	\$21
Deferred revenue—distributor transactions	5,512	5,585
Deferred cost of net revenue—distributor transactions	(1,922)	(1,994)
	\$3,633	\$3,612

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Accrued price protection liability consists of the following activity:

	Three Months Ended March 31,	
	2015	2014
Beginning balance	\$10,018	\$15,017
Charged as a reduction of revenue	6,009	6,677
Reversal of unclaimed rebates	(12	) (242
Payments	(3,350	) (7,072
Ending balance	\$12,665	\$14,380

Accrued expenses and other current liabilities consist of the following:

	March 31, 2015	December 31, 2014
Accrued technology license payments	\$3,000	\$3,000
Accrued professional fees	2,623	422
Accrued litigation costs	673	560
Other	1,305	1,566
	\$7,601	\$5,548

6. Stock-Based Compensation and Employee Benefit Plans

Stock-Based Compensation

The Company uses the Black-Scholes valuation model to calculate the fair value of stock options and employee stock purchase rights granted to employees. The Company calculates the fair value of restricted stock units, or RSUs, and restricted stock awards, or RSAs, based on the fair market value of our Class A common stock on the grant date. The weighted-average grant date fair value per share of the RSUs and RSAs granted in the three months ended March 31, 2015 was \$8.22. The weighted-average grant date fair value per share of the RSUs and RSAs granted in the three months ended March 31, 2014 was \$9.93. No stock options were granted during the three months ended March 31, 2015 and 2014.

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

	Three Months Ended March 31,	
	2015	2014
Cost of net revenue	\$35	\$29
Research and development	2,340	2,194
Selling, general and administrative	1,344	1,170
	\$3,719	\$3,393

Employee Benefit Plans

At March 31, 2015, the Company had stock-based compensation awards outstanding under the following plans: the 2004 Stock Plan, the 2010 Equity Incentive Plan and the 2010 Employee Stock Purchase Plan. 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 Equity Incentive Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance-based stock awards, and other forms of equity compensation, or collectively, stock awards. The exercise price for an incentive or a non-statutory stock option cannot be less

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than 100% of the fair market value of the Company's Class A common stock on the date of grant. Options granted will generally vest over a four-year period and the term can be from seven to ten years.

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

2010 Employee Stock Purchase Plan

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

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

Executive Incentive Bonus Plan

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

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 on the issuance date, expected to occur in May 2015.

Common Stock

At March 31, 2015, the Company had 500 million authorized shares of Class A common stock and 500 million authorized shares of Class B common stock. Holders of the Company's Class A and Class B common stock have identical voting rights, except that holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to ten votes per share with respect to transactions that would result in a change of control of the Company or that relate to the Company's equity incentive plans. In addition, holders of Class B common stock have the exclusive right to elect two members of the Company's Board of Directors, each referred to as a Class B Director. The shares of Class B common stock are not publicly traded. Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock and in most instances automatically converts upon sale or other transfer.

7. Income Taxes

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

quarter to quarter.

As the Company does not believe that it is more-likely-than-not that it will realize a benefit from its U.S. net deferred tax assets, including its U.S. net operating losses, the Company continues to provide a full valuation allowance against those assets and therefore does not incur significant U.S. income tax expense or benefit. Furthermore, the Company does not incur expense or benefit in certain tax free jurisdictions in which it operates.

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The Company recorded a provision for income taxes of \$0.2 million for the three months ended March 31, 2015. The Company recorded a provision for income taxes of \$0.1 million for the three months ended March 31, 2014. The provision for income taxes for the three months ended March 31, 2015 and 2014 primarily relates to income tax in certain foreign jurisdictions.

During the three months ended March 31, 2015, the Company's unrecognized tax benefits increased by \$0.1 million. The Company does not anticipate its unrecognized tax benefits will change significantly over the next 12 months. Accrued interest and penalties associated with uncertain tax positions as of March 31, 2015 were \$0.05 million and \$0.02 million, respectively.

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

8. Commitments and Contingencies

Entropic Communications Merger Litigation

The Delaware Actions

Beginning on February 9, 2015, eleven stockholder class action complaints (captioned Langholz v. Entropic Communications, Inc., et al., C.A. No. 10631-VCP (filed Feb. 9, 2015); Tomblin v. Entropic Communications, Inc., C.A. No. 10632-VCP (filed Feb. 9, 2015); Crill v. Entropic Communications, Inc., et al., C.A. No. 10640-VCP (filed Feb. 11, 2015); Wohl v. Entropic Communications, Inc., et al., C.A. No. 10644-VCP (filed Feb. 11, 2015); Parshall v. Entropic Communications, Inc., et al., C.A. No. 10652-VCP (filed Feb. 12, 2015); Saggar v. Padval, et al., C.A. No. 10661-VCP (filed Feb. 13, 2015); Iyer v. Tewksbury, et al., C.A. No. 10665-VCP (filed Feb. 13, 2015); Respler v. Entropic Communications, Inc., et al., C.A. No. 10669-VCP (filed Feb. 17, 2015); Gal v. Entropic Communications, Inc., et al., C.A. No. 10671-VCP (filed Feb. 17, 2015); Werbowsky v. Padval, et al., C.A. No. 10673-VCP (filed Feb. 18, 2015); and Agosti v. Entropic Communications, Inc., C.A. No. 10676-VCP (filed Feb. 18, 2015)) were filed in the Court of Chancery of the State of Delaware on behalf of a putative class of Entropic Communications, Inc.

stockholders. The complaints name Entropic, the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC as defendants. The complaints generally allege that, in connection with the proposed acquisition of Entropic by MaxLinear, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that Entropic, MaxLinear, and/or the merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The complaints seek, among other things, an order enjoining the defendants from consummating the proposed transaction, an order declaring the merger agreement unlawful and unenforceable, in the event that the proposed transaction is consummated, an order rescinding it and setting it aside or awarding rescissory damages to the class, imposition of a constructive trust, damages, and/or attorneys' fees and costs. On March 27, 2015, plaintiffs Ankur Saggar, Jon Werbowsky, and Angelo Agosti filed an amended class action complaint. Also on March 27, 2015, plaintiffs Martin Wohl and Jeffrey Park filed an amended class action complaint. On April 1, 2015, plaintiff Mark Respler filed an amended class action complaint.

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

The Amended Complaint names as defendants Entropic, the board of directors of Entropic, the Company, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC. The Amended Complaint generally alleges that, in connection with the proposed acquisition of Entropic by the Company, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to maximize the value of Entropic to its stockholders, engaging in a purportedly unfair and conflicted sale process, agreeing to allegedly

preclusive deal protection devices in the merger agreement, and allegedly misrepresenting and/or failing to disclose all material information in connection with the proposed transaction. The Amended Complaint further alleges that the Company and the merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The Amended Complaint seeks, among other things: an order declaring the merger agreement unlawful and unenforceable, an order rescinding, to the extent already implemented, the merger agreement, an order enjoining defendants from consummating the proposed transaction, imposition of a constructive trust, and attorneys' fees and costs.

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

The California State Court Actions

Beginning on February 10, 2015, two stockholder class action complaints (captioned *Krasinski v. Entropic Communications, Inc., et al.*, Case No. 37-2015-00004613-CU-SL-CTL (filed Feb. 10, 2015); and *Khoury v. Entropic Communications, Inc., et al.*, Case No. 37-2015-00004737-CU-SL-CTL (filed Feb. 11, 2015)) were filed in the Superior Court of the State of California County of San Diego on behalf of a putative class of Entropic stockholders. The complaints name Entropic, the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC as defendants. The complaints generally allege that, in connection with the proposed acquisition of Entropic by MaxLinear, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that 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, and awarding plaintiffs costs, including attorneys' and experts' fees.

On March 16, 2015, the court entered an order granting the plaintiff's request to dismiss the Khoury action without prejudice. On March 19, 2015, the court entered an order granting the plaintiff's request to dismiss the Krasinski action without prejudice.

The California Federal Court Actions

Beginning on February 25, 2015, two stockholder complaints (captioned *Badolato v. MaxLinear, Inc., et al.*, Case No. 15-cv-0426-BAS (filed Feb. 25, 2015); and *Mouw v. MaxLinear, Inc., et al.*, Case No. 15-cv-0464-WQH (filed Mar. 2, 2015)) were filed in the United States District Court for the Southern District of California on behalf of a putative class of Entropic stockholders and, derivatively, on behalf of Entropic. The complaints name the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC as defendants, and name Entropic as a nominal party. 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, and awarding plaintiffs costs, including attorneys' and experts' fees. On March 6, 2015, the Entropic and the individual defendants in the Badolato action filed a motion to dismiss the complaint for forum non conveniens because Entropic's bylaws contain a mandatory forum selection clause mandating that shareholder actions, such as this, be brought in state court in Delaware.

On March 30, 2015, plaintiffs Badolato and Mouw filed an amended complaint in the first-filed action, Case No. 15-cv-00426-BAS-KSC (the "Federal Action"), and plaintiff Mouw voluntarily dismissed the later filed action, *Mouw v. MaxLinear, Inc., et al.*, Case No. 15-cv-0046, on March 30, 2015. The amended complaint names as defendants Entropic Communications, Inc., the members of the Entropic board of directors, the Company, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC. The amended complaint asserts claims against the individual defendants for alleged breaches of fiduciary duty in connection with the proposed sale of Entropic to the Company pursuant to an allegedly unfair process and for an allegedly unfair price and asserts claims against Entropic, MaxLinear, and the merger subsidiaries for allegedly aiding and abetting the individual defendants' alleged breaches of fiduciary duties.

The amended complaint asserts claims against all of the defendants for alleged violations of Sections 14(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 14a-9 for alleged misrepresentations and omissions in the Form S-4 registration statement filed with the SEC on March 12, 2015 and amended on March 25, 2015. The amended complaint also asserts a claim for alleged violations of Section 20(a) of the Exchange Act against the individual defendants and the Company. The amended complaint seeks a judgment declaring, among other things, that the Form S-4 was materially misleading in violation of Section 14(a) of the Exchange Act and Rule 14a-9, awarding plaintiffs and the members of the putative class compensatory and/or rescissory damages, awarding plaintiffs and the members of the putative class pre-judgment and post-judgment interest, as well as attorneys’ fees, expert witness fees, and costs, and granting equitable and/or injunctive relief.

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On April 6, 2015, the district court entered an order terminating defendants' motion to dismiss the Badolato complaint as moot in light of the filing of an amended complaint.

On April 22, 2015, plaintiffs Anthony Badalato and Brad Mouw filed a notice of voluntary dismissal of the Federal Action without prejudice.

CrestaTech Litigation

On January 21, 2014, CrestaTech Technology Corporation, or CrestaTech, filed a complaint for patent infringement against the Company in the United States District Court of Delaware (the "District Court Litigation"). In its complaint, CrestaTech alleges that the Company infringes U.S. Patent Nos. 7,075,585 (the "'585 Patent") and 7,265,792. In addition to asking for compensatory damages, CrestaTech alleges willful infringement and seeks a permanent injunction.

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

On December 1-5, 2014, the ITC held a trial in the ITC Investigation. On February 27, 2015, the Administrative Law Judge issued a written Initial Determination ("ID"), ruling that the Company Respondents do not violate Section 1337 in connection with CrestaTech's asserted patents because CrestaTech failed to satisfy the economic prong of the domestic industry requirement pursuant to Section 1337(a)(2). In addition, the ID stated that certain of the Company's television tuners and televisions incorporating those tuners manufactured and sold by certain customers infringe three claims of the '585 Patent, and these three claims were not determined to be invalid. On April 30, 2015, the ITC issued a notice indicating that it intended to review portions of the ID finding no violation of Section 1337, including the ID's findings of infringement with respect to, and validity of, the '585 Patent, and the ID's finding that CrestaTech failed to establish the existence of a domestic industry within the meaning of Section 1337. The Commission has requested additional briefing from the parties on certain issues under review, and the target date for completing the ITC investigation is currently June 29, 2015. The District Court Litigation is currently stayed pending resolution of the ITC Investigation. In addition, the Company has filed four petitions for inter partes review of the two asserted CrestaTech patents, including the three claims that the ID stated the Company infringed and that were not determined to be invalid. The Patent Trial and Appeal Board will likely decide whether to institute review proceedings in or about July 2015. In view of the initial ruling in the ITC Investigation of no violation, the Company has not recorded an accrual for loss contingencies associated with the litigation; determined that an unfavorable outcome is probable or reasonably possible; or determined that the amount or range of any possible loss is reasonably estimable.

9. Subsequent Events

Acquisition of Entropic Communications, Inc.

For information on this subsequent event, please refer to the information presented in Note 1 – Organization and Summary of Significant Accounting Policies – Acquisition of Entropic Communications, Inc. of these unaudited consolidated financial statements.

Entropic Communications Merger Litigation

For information on this subsequent event please refer to Note 8 – Commitments and Contingencies - Entropic Communications Merger Litigation of these unaudited consolidated financial statements.

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

Forward-Looking Statements

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

Overview

We are a provider of integrated, radio-frequency and mixed-signal integrated circuits for broadband communications and data center, metro, and long-haul transport network applications. Our high performance radio-frequency, or RF, receiver products capture and process digital and analog broadband signals to be decoded for various applications. These products include both RF receivers and RF receiver systems-on-chip, 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 the three months ended March 31, 2015 and 2014, respectively, 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 91% and 97% of net revenue in the three months ended March 31, 2015, and March 31, 2014, respectively. A significant but declining portion of these sales in Asia is through distributors. Although a large percentage of our products is shipped to Asia, we believe that a significant number of the systems designed by these customers and incorporating our semiconductor products are then sold outside Asia. For example, we believe revenue generated from sales of our digital terrestrial set top box products during the three months ended March 31, 2015 and 2014 related principally to sales to Asian set top box manufacturers delivering products into Europe, Middle East, and Africa, or EMEA markets. Similarly, revenue generated from sales of our cable modem products during the three months ended March 31, 2015 and 2014 related principally to sales to Asian ODMs and contract manufacturers delivering products into European and North American markets. To date, all of our sales have been denominated in United States dollars.

A significant portion of our net revenue has historically been generated by a limited number of customers. In the three months ended March 31, 2015, two of our customers accounted for 43% of our net revenue, and our ten largest customers collectively accounted for 73% of our net revenue. In the three months ended March 31, 2014, one of our customers accounted for 34% of our net revenue, and our ten largest customers collectively accounted for 70% of our

net revenue. For certain customers, we sell multiple products into disparate end user applications such as cable modems and cable set-top boxes.

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

production. Because the sales cycle for our products is long, we can incur significant design and development expenditures in circumstances where we do not ultimately recognize any revenue. We do not have any long-term purchase commitments with any of our customers, all of whom purchase our products on a purchase order basis. Once one of our products is incorporated into a customer's design, however, we believe that our product is likely to remain a component of the customer's product for its life cycle because of the time and expense associated with redesigning the product or substituting an alternative chip. Product life cycles in our target markets will vary by application. For example, in the hybrid television market, a design-in can have a product life cycle of 9 to 18 months. In the terrestrial retail digital set top box market, a design-in can have a product life cycle of 18 to 24 months. In the cable operator modem and gateway sectors, a design-in can have a product life cycle of 24 to 48 months. In the satellite operator gateway and outdoor unit sectors, a design-in can have a product life cycle of 24 months to 60 months and beyond.

Recent Developments

On April 30, 2015, we completed our acquisition of Entropic Communications, Inc., or Entropic. Pursuant to the terms of the merger agreement dated as of February 3, 2015 that we entered into with Entropic and two of our wholly-owned subsidiaries, all of the Entropic outstanding shares were converted into the right to receive consideration consisting of cash and shares of our Class A common stock. We paid an aggregate of approximately \$111.0 million and issued an aggregate of 20.4 million shares of our Class A common stock, to the stockholders of Entropic. In addition, we assumed all outstanding Entropic stock options and unvested restricted stock units that were held by continuing service providers (as defined in the merger agreement). We used Entropic's cash and cash equivalents to fund a significant portion of the cash portion of the merger consideration and, to a lesser extent, our own cash and cash equivalents. The integration and fair value of acquired Entropic assets and liabilities will impact our post-acquisition financial condition and results of operations.

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

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

Critical Accounting Policies and Estimates

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

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

Results of Operations

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

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

Cost of Net Revenue. Cost of net revenue includes the cost of finished silicon wafers processed by third-party foundries; costs associated with our outsourced packaging and assembly, test and shipping; costs of personnel, including stock-based

compensation, and equipment associated with manufacturing support, logistics and quality assurance; amortization of certain production mask costs; cost of production load boards and sockets; and an allocated portion of our occupancy costs.

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

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

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.

Comparison of the Consolidated Statements of Operations for the Three Months Ended March 31, 2015 and 2014

The following table presents a comparison of each line item in the consolidated statements of operations as a percentage of revenue for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,			
	2015		2014	
Net revenue	100	%	100	%
Cost of net revenue	39		38	
Gross profit	61		62	
Operating expenses:				
Research and development	43		40	
Selling, general and administrative	31		24	
Total operating expenses	74		64	
Loss from operations	(13	)	(2)
Interest income	—		—	
Interest expense	—		—	
Other expense, net	—		—	
Loss before provision for income taxes	(13	)	(2)
Provision for income taxes	1		—	
Net loss	(14	)%	(2)%

Net Revenue

	Three Months Ended March 31,				
	2015	2014	% Change		
	(dollars in thousands)				
Cable	\$23,472	\$21,878	7		%
% of net revenue	66	% 67	%		
Terrestrial	11,924	10,623	12		%
% of net revenue	34	% 33	%		
Total net revenue	\$35,396	\$32,501	9		%

The increase in net revenue in the three months ended March 31, 2015, as compared to the three months ended March 31, 2014, was primarily due to \$1.6 million of growth in cable applications, contributed primarily by media server and DOCSIS 3.0 data gateway applications, which offset declines in other cable video applications. Growth in terrestrial revenue of \$1.3 million was driven primarily by satellite and terrestrial set-top box applications, which offset declines in revenue from TV and auto applications.

Cost of Net Revenue and Gross Profit

	Three Months Ended			
	March 31,			
	2015	2014	% Change	
	(dollars in thousands)			
Cost of net revenue	\$ 13,725	\$ 12,448	10	%
% of net revenue	39	% 38	%	
Gross profit	21,671	20,053	8	%
% of net revenue	61	% 62	%	

The decline in the gross profit percentage for the three months ended March 31, 2015, as compared to the three months ended March 31, 2014, was due to the average selling prices of certain key products declining at a quicker rate than declines in their average manufacturing costs, driven primarily by higher manufacturing overhead expenses as a percentage of revenue.

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

Research and Development

	Three Months Ended			
	March 31,			
	2015	2014	% Change	
	(dollars in thousands)			
Research and development	\$15,281	\$13,095	17	%
% of net revenue	43	% 40	%	

The increase in research and development expense for the three months ended March 31, 2015, as compared to the three months ended March 31, 2014, was primarily due to an increase in headcount-related items (including stock-based compensation) of \$0.7 million, combined increases in design tools, prototype, and occupancy expenses of \$0.7 million, and severance expenses related to our exit of R&D related activities in Shanghai, China of \$0.6 million. The increases in the headcount-related items are primarily due to increases in our average full-time-equivalent headcount compared to the same three month period of the prior year. The non-headcount related increases are primarily due to increased project related prototyping and design tools usage, and several facilities relocation and facilities expansions in Bangalore, India and Carlsbad, California.

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

Selling, General and Administrative

	Three Months Ended March 31,			% Change
	2015	2014		
	(dollars in thousands)			
Selling, general and administrative	\$ 10,944	\$ 7,761	41	%
% of net revenue	31	% 24	%	

The increase in selling, general and administrative expense in the three months ended March 31, 2015, as compared to the three months ended March 31, 2014, was primarily due to transaction costs associated with our Entropic acquisition of \$2.5 million, an increase in headcount-related items (including stock-based compensation) of \$0.2 million and an increase in non-recurring legal fees of \$0.3 million.

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

Interest and Other Income (Expense)

	Three Months Ended March 31,	
	2015	2014
	(in thousands)	
Interest income	\$70	\$61
Interest expense	—	—
Other expense, net	(34)	(12)

Interest income increased in the three months ended March 31, 2015 compared to the three months ended March 31, 2014 due to higher cash equivalent and investment balances. Other expense, net in the three months ended March 31, 2015 and 2014 consisted primarily of losses on foreign currency transactions and investment management fees.

Provision (Benefit) for Income Taxes

	Three Months Ended March 31,	
	2015	2014
	(in thousands)	
Provision for income taxes	\$204	\$108

The provision for income taxes for the three months ended March 31, 2015 was \$0.2 million or approximately (4.5)% of pre-tax loss compared to a provision for income taxes of \$0.1 million or approximately (14.3)% for the three months ended March 31, 2014. The provision for income taxes for the three months ended March 31, 2015 and 2014 primarily relates to 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 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. Furthermore, we do not incur expense or benefit in certain tax free jurisdictions in which we operate.

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

Subsequent Events

Acquisition of Entropic Communications, Inc.

For information on this subsequent event, please refer to the information presented in Note 1 – Organization and Summary of Significant Accounting Policies – Acquisition of Entropic Communications, Inc. to our unaudited consolidated financial statements.

Entropic Communications Merger Litigation

For information on this subsequent event please refer to Note 8 – Commitments and Contingencies - Entropic Communications Merger Litigation to our unaudited consolidated financial statements.

Liquidity and Capital Resources

As of March 31, 2015, we had cash and cash equivalents of \$22.8 million, short- and long-term investments of \$58.5 million, and net accounts receivable of \$20.7 million.

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

	March 31, 2015	December 31, 2014
	(in thousands)	
Working capital	\$62,173	\$ 67,668
Cash and cash equivalents	\$22,769	\$ 20,696
Short-term investments	42,173	48,399
Long-term investments	16,332	10,256
Total cash and cash equivalents and investments	\$81,274	\$ 79,351

Cash Flows from Operating Activities

Net cash provided by operating activities was \$3.8 million for the three months ended March 31, 2015. Net cash provided by operating activities primarily consisted of \$5.5 million in non-cash operating expenses and \$3.0 million in changes in operating assets and liabilities, partially offset by a net loss of \$4.7 million. Non-cash items included in net loss for the three months ended March 31, 2015 included depreciation and amortization expense of \$1.6 million, amortization of net investment premiums of \$0.1 million, and stock-based compensation of \$3.7 million.

Net cash provided by operating activities was \$4.1 million for the three months ended March 31, 2014. Net cash provided by operating activities primarily consisted of \$4.7 million in non-cash operating expenses and \$0.2 million in changes in operating assets and liabilities, partially offset by a net loss of \$0.9 million. Non-cash items included in net loss for the three months ended March 31, 2014 included depreciation and amortization expense of \$1.1 million, amortization of net investment premiums of \$0.2 million, and stock-based compensation of \$3.4 million.

Cash Flows from Investing Activities

Net cash used in investing activities was \$1.0 million for the three months ended March 31, 2015. Net cash used in investing activities consisted of \$16.2 million in purchases of securities and \$1.0 million in purchases of property and equipment, offset by \$16.2 million in maturities of securities. Net cash used in investing activities was \$1.9 million for the three months ended March 31, 2014. Net cash used in investing activities consisted of \$18.7 million in purchases of securities and \$1.4 million in purchases of property and equipment, offset by \$18.2 million in maturities of securities.

Cash Flows from Financing Activities

Net cash used in financing activities for the three months ended March 31, 2015 consisted primarily of \$0.2 million in net proceeds from issuance of common stock, offset by \$0.3 million in minimum tax withholding paid on behalf of employees for restricted stock units. Net cash used in financing activities for the three months ended March 31, 2014 consisted primarily of \$0.05 million in net proceeds from issuance of common stock, offset by \$0.1 million in minimum tax withholding paid on behalf of employees for restricted stock units.

We believe that our \$22.8 million of cash and cash equivalents and \$58.5 million in short- and long-term investments at March 31, 2015 will be sufficient to fund our projected operating requirements for at least the next twelve months.

Our cash

and cash equivalents as of March 31, 2015 have been favorably affected by our implementation of an equity-based bonus program. In connection with that bonus program, in May 2014, we issued 0.6 million freely-tradable shares of our Class A common stock in settlement of bonus awards for the fiscal 2013 performance period under our bonus plan. 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 on the issuance date, expected to occur in May 2015.

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, 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.

On April 30, 2015, we completed the acquisition of Entropic. We paid an aggregate of approximately \$111.0 million and issued an aggregate of 20.4 million shares of our Class A common stock, to the stockholders of Entropic. The acquisition of Entropic may result in our seeking debt financing as management may determine necessary to ensure appropriate levels of working capital for the operation of the combined business of Entropic and MaxLinear.

Warranties and Indemnifications

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

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, or SPEs, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of March 31, 2015, we were not involved in any unconsolidated SPE transactions.

Contractual Obligations

There have been no material changes, outside of the ordinary course of business, in our outstanding contractual obligations from those disclosed within “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, as contained in our Annual Report on Form 10-K filed with the SEC on February 23, 2015, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 12, 2015.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

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

Interest Rate Risk

We had cash and cash equivalents of \$22.8 million at March 31, 2015 which was held for working capital purposes. We do not enter into investments for trading or speculative purposes. We do not believe that we have any material exposure to changes in the fair value of these investments as a result of changes in interest rates due to their short-term nature. Declines in interest rates, however, will reduce future investment income.

Investments Risk

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

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure and Procedures

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

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

Changes in Internal Control over Financial Reporting

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 March 31, 2015 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 March 31, 2015 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Entropic Communications Merger Litigation

The Delaware Actions

Beginning on February 9, 2015, eleven stockholder class action complaints (captioned *Langholz v. Entropic Communications, Inc.*, et al., C.A. No. 10631-VCP (filed Feb. 9, 2015); *Tomblin v. Entropic Communications, Inc.*, C.A. No. 10632-VCP (filed Feb. 9, 2015); *Crill v. Entropic Communications, Inc.*, et al., C.A. No. 10640-VCP (filed Feb. 11, 2015); *Wohl v. Entropic Communications, Inc.*, et al., C.A. No. 10644-VCP (filed Feb. 11, 2015); *Parshall v. Entropic Communications, Inc.*, et al., C.A. No. 10652-VCP (filed Feb. 12, 2015); *Saggar v. Padval*, et al., C.A. No. 10661-VCP (filed Feb. 13, 2015); *Iyer v. Tewksbury*, et al., C.A. No. 10665-VCP (filed Feb. 13, 2015); *Respler v. Entropic Communications, Inc.*, et al., C.A. No. 10669-VCP (filed Feb. 17, 2015); *Gal v. Entropic Communications, Inc.*, et al., C.A. No. 10671-VCP (filed Feb. 17, 2015); *Werbowsky v. Padval*, et al., C.A. No. 10673-VCP (filed Feb. 18, 2015); and *Agosti v. Entropic Communications, Inc.*, C.A. No. 10676-VCP (filed Feb. 18, 2015)) were filed in the Court of Chancery of the State of Delaware on behalf of a putative class of Entropic Communications, Inc. stockholders. The complaints name Entropic, the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC as defendants. The complaints generally allege that, in connection with the proposed acquisition of Entropic by MaxLinear, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that Entropic, MaxLinear, and/or the merger subsidiaries aided and abetted the individual defendants in the alleged breaches of their fiduciary duties. The complaints seek, among other things, an order enjoining the defendants from consummating the proposed transaction, an order declaring the merger agreement unlawful and unenforceable, in the event that the proposed transaction is consummated, an order rescinding it and setting it aside or awarding rescissory damages to the class, imposition of a constructive trust, damages, and/or attorneys' fees and costs. On March 27, 2015, plaintiffs Ankur Saggar, Jon Werbowsky, and Angelo Agosti filed an amended class action complaint. Also on March 27, 2015, plaintiffs Martin Wohl and Jeffrey Park filed an amended class action complaint. On April 1, 2015, plaintiff Mark Respler filed an amended class action complaint. On April 16, 2015, the Court entered an order consolidating the Delaware actions, captioned *In re Entropic Communications, Inc. Consolidated Stockholders Litigation*, C.A. No. 10631-VCP (the "Consolidated Action"). The April 16, 2015 order appointed plaintiffs Rama Iyer and Jon Werbowsky as Co-Lead Plaintiffs and designated the amended complaint filed by plaintiffs Ankur Saggar, Jon Werbowsky, and Angelo Agosti as the operative complaint (the "Amended Complaint").

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

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

The California State Court Actions

Beginning on February 10, 2015, two stockholder class action complaints (captioned Krasinski v. Entropic Communications, Inc., et al., Case No. 37-2015-00004613-CU-SL-CTL (filed Feb. 10, 2015); and Khoury v. Entropic Communications, Inc., et al., Case No. 37-2015-00004737-CU-SL-CTL (filed Feb. 11, 2015)) were filed in the Superior Court

of the State of California County of San Diego on behalf of a putative class of Entropic stockholders. The complaints name Entropic, the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC as defendants. The complaints generally allege that, in connection with the proposed acquisition of Entropic by MaxLinear, the individual defendants breached their fiduciary duties to Entropic stockholders by, among other things, purportedly failing to take steps to maximize the value of Entropic to its stockholders and agreeing to allegedly preclusive deal protection devices in the merger agreement. The complaints further allege that 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, and awarding plaintiffs costs, including attorneys' and experts' fees.

On March 16, 2015, the court entered an order granting the plaintiff's request to dismiss the Khoury action without prejudice. On March 19, 2015, the court entered an order granting the plaintiff's request to dismiss the Krasinski action without prejudice.

The California Federal Court Actions

Beginning on February 25, 2015, two stockholder complaints (captioned Badolato v. MaxLinear, Inc., et al., Case No. 15-cv-0426-BAS (filed Feb. 25, 2015); and Mouw v. MaxLinear, Inc., et al., Case No. 15-cv-0464-WQH (filed Mar. 2, 2015)) were filed in the United States District Court for the Southern District of California on behalf of a putative class of Entropic stockholders and, derivatively, on behalf of Entropic. The complaints name the board of directors of Entropic, MaxLinear, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC as defendants, and name Entropic as a nominal party. 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, and awarding plaintiffs costs, including attorneys' and experts' fees. On March 6, 2015, the Entropic and the individual defendants in the Badolato action filed a motion to dismiss the complaint for forum non conveniens because Entropic's bylaws contain a mandatory forum selection clause mandating that shareholder actions, such as this, be brought in state court in Delaware.

On March 30, 2015, plaintiffs Badolato and Mouw filed an amended complaint in the first-filed action, Case No. 15-cv-00426-BAS-KSC (the "Federal Action"), and plaintiff Mouw voluntarily dismissed the later filed action, Mouw v. MaxLinear, Inc., et al., Case No. 15-cv-0046, on March 30, 2015. The amended complaint names as defendants Entropic Communications, Inc., the members of the Entropic board of directors, the Company, Excalibur Acquisition Corporation, and Excalibur Subsidiary, LLC. The amended complaint asserts claims against the individual defendants for alleged breaches of fiduciary duty in connection with the proposed sale of Entropic to the Company pursuant to an allegedly unfair process and for an allegedly unfair price and asserts claims against Entropic, MaxLinear, and the merger subsidiaries for allegedly aiding and abetting the individual defendants' alleged breaches of fiduciary duties. The amended complaint asserts claims against all of the defendants for alleged violations of Sections 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 14a-9 for alleged misrepresentations and omissions in the Form S-4 registration statement filed with the SEC on March 12, 2015 and amended on March 25, 2015. The amended complaint also asserts a claim for alleged violations of Section 20(a) of the Exchange Act against the individual defendants and the Company. The amended complaint seeks a judgment declaring, among other things, that the Form S-4 was materially misleading in violation of Section 14(a) of the Exchange Act and Rule 14a-9, awarding plaintiffs and the members of the putative class compensatory and/or rescissory damages, awarding plaintiffs and the members of the putative class pre-judgment and post-judgment interest, as well as attorneys' fees, expert witness fees, and costs, and granting equitable and/or injunctive relief.

On April 6, 2015, the district court entered an order terminating defendants' motion to dismiss the Badolato complaint as moot in light of the filing of an amended complaint.

On April 22, 2015, plaintiffs Anthony Badalato and Brad Mouw filed a notice of voluntary dismissal of the Federal Action without prejudice.

CrestaTech Litigation

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

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

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

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

Other Matters

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

ITEM 1A. RISK FACTORS

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

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

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

Risks Relating to Our Recent Acquisition of Entropic

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

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

- projections of Entropic’s future revenues;
- the anticipated financial performance of Entropic’s products and products currently in development;
- anticipated cost savings and other synergies associated with the acquisition, including potential revenue synergies;
- our 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 our operating results and financial condition.

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

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

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

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

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

financial condition and could have a material and adverse effect on the trading price or trading volume of our Class A common stock.

We 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 (including those employees who were formerly employed by Entropic) may have an adverse effect on the business resulting from the acquisition. This uncertainty may impair our ability to retain and motivate them following the acquisition. Employee retention may be particularly challenging as our employees (including employees who were formerly employed by Entropic) may experience frustrations during the integration process and uncertainty about their future roles with us following completion of the acquisition. We 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.

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.

Risks Related to Our Business

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

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

As our products are integrated into a variety of electronic devices, we compete with suppliers of both can tuners and traditional silicon RF receivers, and with providers of physical medium devices for optical interconnect markets. Our competitors range from large, international companies offering a wide range of semiconductor products to smaller

companies specializing in narrow markets and internal engineering groups within television, set top box, data modems and gateway, satellite low-noise blocker, and optical module manufacturers, some of which may be our customers. Our primary competitors include Silicon Labs, NXP B.V., RDA Microelectronics, Inc., Broadcom Corporation, 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, that have undergone or are subject to pending consolidation and who themselves are dependent on a consolidating set of service provider customers, for a substantial portion of our revenue, and the loss of, or a significant reduction in orders from one or more of our major customers could have a material adverse effect on our revenue and operating results.

For fiscal 2013, one customer accounted for approximately 28% of our net revenue, and our ten largest customers collectively accounted for approximately 72% of our net revenue. For fiscal 2014, one customer accounted for approximately 31% of our net revenue, and our ten largest customers collectively accounted for approximately 67% of our net revenue. For the three months ended March 31, 2015, two customers accounted for 43% of our net revenue, and our ten largest customers accounted for 73% of our net revenue. Our operating results for the foreseeable future will continue to depend on sales to a relatively small number of customers and on the ability of these customers to sell products that incorporate our RF receivers or RF receiver SoCs. In the future, these customers may decide not to purchase our products at all, may purchase fewer products than they did in the past, or may defer or cancel purchases or otherwise alter their purchasing patterns. Factors that could affect our revenue from these large customers include the following:

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

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

Our relationships with some customers may deter other potential customers who compete with these customers from buying our products. To attract new customers or retain existing customers, we may offer these customers favorable

prices on our products. In that event, our average selling prices and gross margins would decline. The loss of a key customer, a reduction in sales to any key customer or our inability to attract new significant customers could seriously impact our revenue and materially and adversely affect our results of operations.

A significant portion of our revenue is attributable to demand for our products in markets for cable applications. 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. For the three months ended March 31, 2015, revenue directly attributable to cable applications accounted for approximately 66% of our net revenue. We currently expect this revenue contribution trend between terrestrial and cable applications to be relatively consistent for the remainder of 2015. Delays in the development of, or unexpected developments in, the terrestrial television receiver and cable 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 market for satellite set-top and gateway boxes and outdoor units as our next market opportunity. 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. For fiscal 2013, our research and development expense was \$53.1 million. For fiscal 2014, our research and development expense was \$56.6 million. For the three months ended March 31, 2015, our research and development expense was \$15.3 million. In the three months ended March 31, 2015, we continued to increase our research and development expenditures as part of our strategy of devoting focused research and development efforts on the development of innovative and sustainable product platforms. We are committed to investing in new product development internally in order to stay competitive in our markets and plan to maintain research and development and design capabilities for new solutions in advanced semiconductor process nodes such as 40nm and 28nm and beyond. We do not know whether we will have sufficient resources to maintain the level of investment in research and development required to remain competitive as semiconductor process nodes continue to shrink and become increasingly complex. In addition, we cannot assure you that the technologies which are the focus of our research and development expenditures will become commercially successful.

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

Highly complex products like our RF receivers and RF receiver SoCs and physical medium devices for optical modules may contain defects and bugs when they are first introduced or as new versions are released. 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 accurately predict the direction in which our markets will evolve or that we will be able to develop, market, or sell new products that respond to such changes successfully or in a timely manner, if at all.

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

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

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

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

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

required to:

- cease the manufacture, use or sale of the infringing products, processes or technology;
- pay substantial damages for infringement;
- expend significant resources to develop non-infringing products, processes or technology;

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license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;

cross-license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or

pay substantial damages to our customers or end users to discontinue their use of or to replace infringing technology sold to them with non-infringing technology.

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

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

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

our intellectual property rights will provide competitive advantages to us;

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

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

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

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

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

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

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

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

In addition, we have a number of third-party patent and intellectual property license agreements. Some of these license agreements require us to make one-time payments or ongoing royalty payments. Also, a few of our license

agreements contain most-favored nation clauses or other price restriction clauses which may affect the amount we may charge for our products, processes or technology. We cannot guarantee that the third-party patents and technology we license will not be licensed to our competitors or others in the semiconductor industry. In the future, we may need to obtain additional licenses, renew existing license agreements or otherwise replace existing technology. We are unable to predict whether these license agreements can be obtained or renewed or the technology can be replaced on acceptable terms, or at all.

When we settled a trademark dispute with Linear Technology Corporation, we agreed not to register the “MAXLINEAR” mark or any other marks containing the term “LINEAR”. We may continue to use “MAXLINEAR” as a corporate identifier, including to advertise our products and services, but may not use that mark on our products. The agreement does not affect our ability to use our registered trademark “MxL”, which we use on our products. Due to our agreement not to register the “MAXLINEAR” mark, our ability to effectively prevent third parties from using the “MAXLINEAR” mark in connection with similar products or technology may be affected. If we are unable to protect our trademarks, we may experience difficulties in achieving and maintaining brand recognition and customer loyalty. Our business, revenue and revenue growth, if any, will depend in part on the timing and development of the global transition from analog to digital television, which is subject to numerous regulatory and business risks outside our control.

For the three months ended March 31, 2015, sales of our RF receiver products used in digital terrestrial television applications, or DTT, including digital televisions, PCTV, IPTV, terrestrial set top boxes, and terrestrial receivers in satellite video gateways represented a 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, Silterra 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.

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.

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

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

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

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

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

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

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

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

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

Prior to purchasing our products, our customers require that both our products and our third-party contractors undergo extensive qualification processes, which involve testing of the products in the customer's system and rigorous reliability testing. This qualification process may continue for six months or more. However, qualification of a product by a customer does not assure any sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision to the RF receiver or RF receiver SoC and physical medium devices for optical modules, changes in our customer's manufacturing process or our selection of a new supplier may require a new qualification process, which may result in delays and in us holding excess or obsolete inventory. After our products are qualified, it can take six months or more before the customer commences volume production of components or devices that incorporate our products. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing and management efforts, to qualifying our products with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, sales of this product to the customer may be precluded or delayed, which may impede our growth and cause our business to suffer. We are subject to risks associated with our distributors' product inventories and product sell-through. Should any of our distributors cease or be forced to stop distributing our products, our business would suffer.

We currently sell a significant but declining portion of our products to customers through our distributors, who maintain their own inventories of our products. For fiscal 2013, sales through distributors accounted for 29% of our net revenue. For fiscal 2014, sales through distributors accounted for 28% of our net revenue. For the three months ended March 31, 2015, sales through distributors accounted for 21% 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 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;

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- the timing and extent of product development costs;
- new product announcements and introductions by us or our competitors;
- incurrence of research and development and related new product expenditures;
- seasonality or cyclical fluctuations in our markets;
- currency fluctuations;
- fluctuations in IC manufacturing yields;
- significant warranty claims, including those not covered by our suppliers;
- changes in our product mix or customer mix;
- intellectual property disputes;
- loss of key personnel or the shortage of available skilled workers;
- impairment of long-lived assets, including masks and production equipment; and
- the effects of competitive pricing pressures, including decreases in average selling prices of our products.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We sell our products throughout the world. Products shipped to Asia accounted for 91% of our net revenue in the three months ended March 31, 2015. In addition, approximately 31% of our employees are located outside of the United

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

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

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

If we suffer losses to our facilities or distribution system due to catastrophe, our operations could be seriously harmed. Our facilities and distribution system, and those of our third-party contractors, are subject to risk of catastrophic loss due to fire, flood or other natural or man-made disasters. A number of our facilities and those of our contract manufacturers are located in areas with above average seismic activity. The foundries that manufacture all of our wafers are located in Taiwan, Singapore, Malaysia and China, and all of the third-party contractors who assemble and test our products also are located in Asia. In addition, our headquarters are located in Southern California. The risk of an

earthquake in the Pacific Rim region or Southern California is significant due to the proximity of major earthquake fault lines. For example, in 2002 and 2003, major earthquakes occurred in Taiwan. Any catastrophic loss to any of these facilities would likely disrupt our operations, delay production, shipments and revenue and result in significant expenses to repair or replace the facility.

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

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

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

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

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

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

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

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

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

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

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

In order to complete the acquisition and distribute the cash consideration payable to Entropic stockholders, we were required to use a significant portion of Entropic's available cash resources and a sizeable portion of our cash resources. As a result, our available liquidity after the acquisition has been 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.

In order to fund the cash portion of the merger consideration, a significant portion of Entropic's available cash and a sizeable portion of our cash resources were used in connection with the acquisition, and our overall liquidity after completion of the acquisition has been materially reduced relative to our liquidity prior to completion even though we have incurred substantial expenses and expect to incur additional restructuring costs as we integrate Entropic's business and operations. 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.

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

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

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

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

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

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

Generally, our products comprise only a part of a communications device. All components of these devices must uniformly comply with industry standards in order to operate efficiently together. We depend on companies that provide other components of the devices to support prevailing industry standards. Many of these companies are significantly larger and more influential in driving industry standards than we are. Some industry standards may not be widely adopted or implemented uniformly, and competing standards may emerge that may be preferred by our customers or end users. If larger companies do not support the same industry standards that we do, or if competing standards emerge, market acceptance of our products could be adversely affected, which would harm our business. Products for communications applications are based on industry standards that are continually evolving. Our ability to compete in the future will depend on our ability to identify and ensure compliance with these evolving industry standards. The emergence of new industry standards could render our products incompatible with products developed by other suppliers. As a result, we could be required to invest significant time and effort and to incur significant

expense to redesign our products to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards for a significant period of time, we could miss opportunities to achieve crucial design wins. We may not be successful in developing or using new technologies or in developing new products or product

enhancements that achieve market acceptance. Our pursuit of necessary technological advances may require substantial time and expense.

Risks Relating to Our Class A Common Stock

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

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

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

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

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

As of March 31, 2015, our founders who continue to be employees of the Company, 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 acquisitions of Entropic and 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;

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

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

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

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

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

provide that our directors may be removed only for cause;

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

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

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

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

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

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

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

- actual or anticipated fluctuations in our financial condition and operating results;
- overall conditions in the semiconductor market;
- addition or loss of significant customers;

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

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

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

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

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. As of March 31, 2015, we had 31.3 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 performance period, actual awards under the Executive Incentive Bonus Plan were settled in Class A common stock issued under our 2010 Equity Incentive Plan, as amended, with the number of shares issuable to plan participants determined based on the closing sales price of our Class A common stock as determined in trading on the New York Stock Exchange on May 9, 2014. Additionally, we settled all bonus awards for all other employees for the 2013 performance period in shares of its Class A common stock. We issued 0.6 million shares of our Class A common stock for the 2013 performance period upon settlement of the bonus awards on May 9, 2014. We 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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

In the three months ended March 31, 2015, we issued an aggregate of 0.02 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 \$0.01 million in the three months ended March 31, 2015 as a result of the exercise of these options. We believe these transactions were exempt from the registration requirements of the Securities Act in reliance on Rule 701 thereunder as transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701. As of March 31, 2015, options to purchase an aggregate of 1.3 million shares of our Class B common stock remain outstanding. All issuances of shares of our Class B common stock pursuant to the exercise of these options will be made in reliance on Rule 701. All option grants made under the 2004 Stock Plan were made prior to the effectiveness of our initial public offering. No further option grants will be made under our 2004 Stock Plan.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number Exhibit Title

2.1	Agreement and Plan of Merger and Reorganization, dated as of February 3, 2015, by and among MaxLinear, Inc., a Delaware corporation, Entropic Communications, Inc., a Delaware corporation, Excalibur Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of MaxLinear, and Excalibur Subsidiary, LLC, a Delaware limited liability company and wholly-owned subsidiary of MaxLinear (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (File No. 001-34666) filed with the SEC on February 4, 2015).
3.2	Registrant's Amended and Restated Bylaws, as amended to date (incorporated by reference to Exhibit 3.2 to the Registrant's Amendment No. 1 to Annual Report on Form 10-K/A (File No. 001-34666) filed with the SEC on March 12, 2015).
10.1	Form of MaxLinear Voting Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-34666) filed with the SEC on February 4, 2015).
10.2	Form of Entropic Voting Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-34666) filed with the SEC on February 4, 2015).
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1(*)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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

SIGNATURES

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

MAXLINEAR, INC.

(Registrant)

Date: May 5, 2015

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

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