Cautionary Statement

All statements included or incorporated by reference in this Annual Report on Form 10-K, other than statements or characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not limited to, statements concerning projected total net revenue, costs and expenses and product and total gross margin; our accounting estimates, assumptions and judgments; the demand for our products; our dependence on a few key customers and/or design wins for a substantial portion of our revenue; our ability to consummate acquisitions and integrate their operations successfully; estimates related to the amount and/or timing of the expensing of unearned stock-based compensation expense and stock-based compensation as a percentage of revenue; manufacturing, assembly and test capacity; the effect that economic conditions, seasonality and volume fluctuations in the demand for our customers' consumer-oriented products will have on our operating results; our ability to adjust operations in response to changes in demand for existing products and services or the demand for new products requested by our customers; the competitive nature of and anticipated growth in our markets; our ability to migrate to smaller process geometries; our success in pending intellectual property litigation matters; our potential needs for additional capital; inventory and accounts receivable levels; our ability to obtain future tax holidays in Singapore; our ability to permanently reinvest our foreign earnings; the effect of potential changes in U.S. or foreign tax laws and regulations or the interpretation thereof; the level of accrued rebates; and income we expect to record in connection with our agreement with Qualcomm or similar arrangements in the future. These forward-looking statements are based on our current expectations, estimates and projections about our industry and business, management's beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "will," "should," "would," "could," "potential," "continue," "ongoing," similar expressions, and variations or negatives of these words. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors, some of which are listed under the section entitled "Risk Factors" in Part I, Item 1A of this Report. These forward-looking statements speak only as of the date of this Report. We undertake no obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances.

PART I

Item 1. *Business*

Overview

Broadcom Corporation (including our subsidiaries, referred to collectively in this Report as "Broadcom," "we," "our" and "us") is a global leader and innovator in semiconductor solutions for wired and wireless communications. Broadcom® products seamlessly deliver voice, video, data and multimedia connectivity in the home, office and mobile environment. We provide the industry's broadest portfolio of state-of-the-art system-on-a-chip, or SoC, and embedded software solutions.

Broadcom was incorporated in California in August 1991. Our Class A common stock trades on the Nasdaq Global Select Market® under the symbol BRCM. Our principal executive offices are located at 5300 California Avenue, Irvine, California 92617-3038, and our telephone number at that location is 949.926.5000. Our Internet address is **www.broadcom.com**. The inclusion of our Internet address in this Report does not include or incorporate by reference into this Report any information on our website. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports and other U.S. Securities and Exchange Commission (SEC) filings are available free of charge through the investor relations section of our website as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. The SEC also maintains a web site, *www.sec.gov*, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Communications technologies continue to evolve rapidly in response to ubiquitous wireless and mobile networks, the emergence of new data-intensive computing and multimedia applications, and the continuing convergence of personal computing and mobile devices. The broadband transmission of digital information over wired and wireless infrastructures requires very sophisticated semiconductor solutions to perform critical systems functions such as communications signal processing, audio, video and multimedia processing, radio frequency and analog signal processing, and switching and routing packets of information over IP-based networks.

We currently operate our business to serve three markets: Broadband Communications, Mobile and Wireless and Infrastructure and Networking. Our diverse product portfolio includes:

- *Broadband Communications (Solutions for the Home)* — Complete solutions for cable, xDSL, fiber, satellite and IP broadband networks to enable the connected home, including set-top-boxes and media servers, residential modems and gateways, small and residential cells and wired home networking solutions.

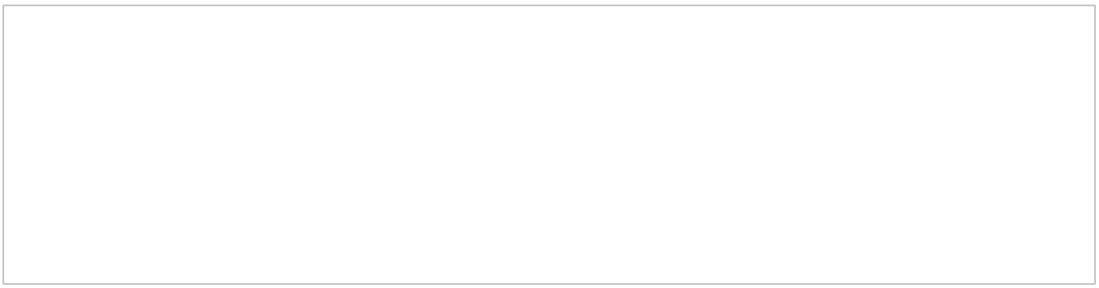
- *Mobile and Wireless (Solutions for the Hand)* — Low-power, high-performance and highly integrated solutions powering the mobile and wireless ecosystem, including Wi-Fi and Bluetooth, cellular SoCs, personal navigation and global positioning, near field communications (NFC), Voice over IP (VoIP), and mobile power management solutions.

- *Infrastructure and Networking (Solutions for Infrastructure)* — Highly integrated solutions for carriers, service providers, enterprises, small-to-medium businesses and data centers for network infrastructure needs, including Ethernet switches, physical layer devices (PHYs), multicore embedded processors, knowledge-based processors (KBP), digital front ends for wireless infrastructure, switch fabric solutions, high-speed Ethernet controllers and microwave backhaul devices.

Net Revenue by Reportable Segment

Our semiconductor solutions are used globally by leading manufacturers and are embedded in an array of products for the home, the hand and network infrastructure. Net revenue for our reportable segments, Broadband Communications, Mobile and Wireless, and Infrastructure and Networking is presented below. "All Other" is comprised of (i) income from our April 2009 agreement with Qualcomm Incorporated, or the Qualcomm Agreement (see detailed discussion in "*Overview*" section in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations),* and (ii) other licensing revenue.

Percentage of Net Revenue



Net Revenue: $8.01 billion **Net Revenue: $7.39 billion** **Net Revenue: $6.82 billion**

Broadband Communications Reportable Segment (Solutions for the Home)

Broadcom's broadband communications reportable segment offers a range of broadband communications and consumer electronics SoC solutions that enable voice, video, data and multimedia services over wired and wireless networks for the home. Our solutions in this reportable segment include: cable modem, PON and xDSL SoCs; small and residential cell SoCs; xDSL, xPON and cable modem central office solutions; MPEG/AVC/VC-1 encoders and transcoders; digital cable, DBS, terrestrial and IP set-top box SoCs; and Powerline and MoCA Networking SoCs. Products incorporating our solutions in this reportable segment include: modems (cable, xPON, small and residential cells and DSL) and residential gateways; cable modem termination systems (CMTS), optical line termination (OLT) and central office DSLAM solutions; digital cable, digital transport adapter, direct broadcast satellite, terrestrial and IP set-top boxes; and wired home networking solutions (i.e. MoCA and Powerline Networking).

Modems and Residential Gateways

The number of global broadband subscribers continues to grow. According to ABI Research, there were nearly 620 million in 2012. Global service providers continue to deploy next generation broadband access technologies across DSL, Cable and fiber to deliver more bandwidth and faster speeds to consumers across the globe. Broadcom offers complete system solutions across DSL, cable and fiber to enable service providers to provide data, voice and video services to and throughout the home.

Digital Cable, Direct Broadcast Satellite and IP Set-Top Boxes

Global service providers are increasingly introducing new products and services in the connected home, including transcoding, digital video recording services, high definition, wired and wireless networking, and more integrated tuners to enable faster channel change and more simultaneous recordings. According to ABI Research, approximately 250 million set-top boxes (STB) were shipped in 2012. We offer complete platform solutions for cable, satellite and IP STB.

Mobile and Wireless Reportable Segment (Solutions for the Hand)

Broadcom's mobile and wireless reportable segment offers products that enable end-to-end wireless and cellular connectivity at home, at work and on-the-go. Our solutions in this reportable segment include: Wi-Fi; Bluetooth; wireless connectivity combos; GPS/GMSS; EDGE and 3G baseband SoCs; power management ICs; VoIP SoCs; near field communications; and cellular RFs. Products incorporating our solutions in this reportable segment include: smartphones and mobile phones; tablets, laptops, desktop computers, and peripherals; wireless home routers and gateways; printers; cellular data cards; Wi-Fi mobile hotspots; handheld media devices; personal navigation devices; home gaming systems; VoIP phones; wireless-enabled TVs and STBs; and thermostats and home monitoring.

Wireless Local Area and Personal Area Networking

Wi-Fi/WLAN. Wireless local area networking, also known as Wi-Fi or WLAN, allows devices on a local area network to communicate wirelessly. It adds the convenience of mobility to the powerful utility of high-speed data networks. Wi-Fi has been embedded into a wide range of devices including smartphones, tablets, home gateways and routers, personal computers, digital cameras, printers, gaming devices, STBs, and HDTVs. According to ABI Research, a total of approximately 1.5 billion Wi-Fi capable devices were estimated to have been shipped in 2012. In 2011, we introduced a Wireless Internet Connectivity for Embedded Devices (WICED™) platform to simplify and extend Wi-Fi connectivity to a range of additional connected appliances, smart energy systems, and cloud-based health and home management services devices. We offer a family of high performance, low power Wi-Fi chipsets that support all current standards. Broadcom products address 802.11a/b/g, 802.11n and 802.11ac standards-based products. 802.11ac, the latest generation of Wi-Fi technology, enables gigabit speeds over Wi-Fi and also improves range and battery life. We also support Wi-Fi Direct, WiFi Display and Miracast across our product portfolio, allowing communication between devices without having to interact with an access point, increasing ease of use for Wi-Fi and enabling us to serve increased demand for the transfer of HD content between devices.

Bluetooth. The Bluetooth short-range wireless networking standard is a low power wire replacement technology that enables direct connectivity among a wide variety of mainstream consumer electronic devices. According to ABI Research, a total of approximately 2 billion Bluetooth-enabled devices were estimated to have been shipped in 2012. We offer a complete family of Bluetooth silicon and software solutions for mobile phones, PCs, wireless headphones and headsets, HDTVs, peripherals, gaming and other applications. Our family of single-chip Bluetooth devices, software applications and protocol stacks provide a complete solution that enables manufacturers to add Bluetooth functionality to almost any electronic device with a minimal amount of development time and resources. We continue to drive the evolution of Bluetooth with support of Bluetooth Low Energy (BLE), an emerging standard for supporting low power applications such as health and fitness, and the number of opportunities for Bluetooth applications, such as the industry standardization of Bluetooth for 3D glasses, continues to expand.

Wireless Connectivity Combination Chips

Consumers increasingly expect their mobile devices to seamlessly communicate wirelessly with a broad range of devices, including TVs, PCs, printers, smartphones, remote speakers, headsets and car stereos. At the same time, our customers seek lower costs, higher performance and longer battery life in their devices. To meet these demands, we have developed a family of combination chip (combo chip) solutions that integrate multiple wireless technologies onto a single chip. For example, we offer combo solutions that integrate a complete Bluetooth system (with BLE and Bluetooth High Speed), a

complete Wi-Fi system (including 802.11ac), and a high performance FM stereo radio receiver into a single die. Our latest combo chip integrates four wireless technologies - Wi-Fi, Bluetooth, FM and NFC.

Global Positioning System

Global Positioning System (GPS) has long been a standard feature in navigation devices and has become a common feature in smartphones and tablets. In addition to GPS, other satellite-based navigation systems have been deployed, such as GLONASS. Global Navigation Satellite System (GNSS) technology encompasses a plurality of such satellite-based navigation systems. By making use of additional satellite coverage, significant improvement in location determination, location accuracy and time-to-first-fix can be obtained over a system that relies only on a GPS based solution, particularly in urban areas. According to ABI Research, 860 million GPS enabled devices were estimated to be shipped in 2012. Broadcom offers a family of GPS, assisted GPS (A-GPS) and GNSS semiconductor products, software and data services. Broadcom's location-based services technology delivers assistance data to our GNSS devices further enhancing performance and reliability.

Cellular SoCs

Handheld devices (such as smartphones) and portable computing devices (such as laptops and tablets) are enabling a broad range of connected applications, including email, streaming audio and video content, gaming and social networking. The evolution of the international Global System for Mobile Communication (GSM) standard to 3G and 4G technologies have enabled “always on” Internet applications when combined with WLAN and wireless personal area network (WPAN) connectivity technologies. We are able to combine our cellular, connectivity, and location technologies to deliver complete platform solutions, accelerating time to market for our customers while reducing design complexity, board area and power consumption.

According to the Linley Group, cellular baseband shipments into handsets and other equipment, such as USB dongles, amounted to approximately 2.2 billion units in 2012. We provide a family of 2.5G and 3G SoC chipsets and platform solutions with associated software. Our cellular SoCs incorporate a high performance multi-core application processing subsystem, 1080p graphics and video, an image processing subsystem, and a cellular modem on a single chip.

As part of our cellular platform, Broadcom provides cellular RF and a family of power management devices that intelligently manage power consumption in mobile devices to optimize system operation and improve battery life.

Voice over Internet Protocol

Driven by the significant build-out of the Internet, the transmission of voice over an IP packet-based network, or VoIP applications, is continuing to grow. Our VoIP phone silicon and software solutions integrate packet processing, voice processing and switching technologies to provide the quality of service, high fidelity and reliability necessary for enterprise telephony applications and home routers/gateways. These products support residential VoIP services that are now being offered by a variety of broadband service providers.

Near Field Communications

Near field communications (NFC) is an ultra short-range wireless standard to enable simple connectivity and data transfer by the act of bringing two devices in close proximity. According to ABI Research, approximately 121 million NFC enabled products were estimated to have been shipped in 2012. NFC has been adopted for contactless payment systems and can also be implemented in a variety of consumer devices, including mobile phones, tablets, and digital TVs, remote controls, wireless mice, 3D glasses and Bluetooth headsets, to pair two devices and enable other forms of wireless connectivity data transfer between devices. Broadcom has developed a family of NFC solutions with a combination of advanced power, size and functional requirements for original equipment manufacturers to implement low-cost NFC consumer device applications in their products.

Infrastructure and Networking Reportable Segment (Solutions for Infrastructure)

Through our Infrastructure and Networking reportable segment, we design and develop complete silicon and software infrastructure solutions for service provider, data center, and enterprise and small-to-medium business networks. Our solutions leverage industry-proven Ethernet technology to promote faster, “greener” and cost-efficient transport and processing of voice, video, data and multimedia across both wired and wireless networks as network data traffic increases. In February 2012 we completed our acquisition of NetLogic Microsystems, Inc., or NetLogic, a publicly traded company that was a provider of high-performance intelligent semiconductor solutions for next generation networks. Upon closing, NetLogic was incorporated

into our Infrastructure and Networking reportable segment. For more information about the NetLogic acquisition, see the "*Overview*" section in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Our solutions in this reportable segment include: Ethernet switches and fabrics; Ethernet controllers; Ethernet copper transceivers; backplane and optical front-end physical layer devices; multicore communications processors; microwave modems and RF; remote radio head digital front end; and knowledge-based processors. Products incorporating our solutions in this reportable segment include: service provider metro equipment; 3G/4G wireless infrastructure and wireless access points; switches and routers; servers and workstations; desktop and notebook computers; network interface cards; LAN on motherboard applications; optical networks and dense wave division multiplexing applications; virtual private networks and security appliances; storage controllers; and microwave links for wireless backhaul.

Ethernet Networking

Ethernet is a ubiquitous interconnection technology that enables high performance and cost effective networking infrastructure across the enterprise, service provider, data center and small and medium business (SMB) spaces. Our highly integrated, low power SoC solutions enable users to access data, voice and video from their offices, homes or over wireless networks.

Ethernet Switches. As described below, we offer a broad set of Ethernet switching products ranging from low-cost five port switch chips to complete solutions enabling in excess of 400 terabits of switching capacity in a multi-chassis configuration.

- Our service provider switch portfolio enables carrier/service provider networks to support a large number of services in the wireless backhaul, access, aggregation and core of their networks.
- Our data center portfolio provides high capacity, low latency switching silicon that supports advanced protocols around virtualization and multi-pathing. In addition, our DNX Ethernet switching fabric technologies provide the ability to build highly scalable flat networks supporting tens of thousands of servers and supporting 100 gigabits per second (Gbps) Ethernet.
- Our SBX NPU product family provides a full duplex 100 Gbps fully programmable packet processor.
- For enterprise applications, our XGS™ product family combines multi-layer switching capabilities and wire-speed Gigabit, 10, 40 and 100 Gbps Ethernet switching performance for unified wired and wireless enterprise business networks.
- Our family of SMB Ethernet switch products are designed to support lower power modes and comply with industry standards around energy efficient Ethernet.

Ethernet Copper Transceivers. Our high performance Ethernet transceivers are built upon a proprietary digital signal processing (DSP) communication architecture optimized for high-speed network connections and support the latest standards and advanced features, such as energy efficient Ethernet, data encryption and time synchronization at one or 10 Gbps.

Ethernet Controllers. Our family of Ethernet controllers offers comprehensive solutions for servers, workstations, and desktop and notebook computers, supporting multiple generations of Ethernet technology. Gigabit and 10 Gigabit Ethernet controllers deliver high performance dual-port and quad-port, single-chip converged network interface controller (C-NIC) at 1 Gbps or 10 Gbps rates, without requiring external packet memory.

Automotive Ethernet. As consumer demand for in-vehicle connectivity continues to grow, automotive manufacturers are under pressure to deliver competitive, innovative features while minimizing cost. Broadcom's BroadR-Reach® automotive solutions allow multiple in-vehicle systems (such as infotainment, on-board diagnostics and automated driver assistance) to simultaneously access information over unshielded single twisted pair cable. Our automotive Ethernet product portfolio consists of five devices (including three highly integrated switches with embedded PHYs and two stand-alone PHY solutions) that deliver high-performance bandwidth of 100Mbps and beyond while dramatically reducing connectivity costs and cabling weight, as well as increasing energy efficiency.

Backplane and Optical Front-End Physical Layer Devices. To address increasing volumes of data traffic both in data centers and service provider networks, we offer a portfolio of 10G and 40G Ethernet transceivers, 100 Gbps gear boxes, forward error correction solutions, and chips for backplanes and optical interconnect. These devices are low-power solutions for very high density 10, 40 and 100 Gbps switching solutions. We also offer 2.5 Gbps and 10 Gbps SONET/SDH/OTN transceivers that enable the development of low-cost, high-density optical transport equipment, enabling telecommunications and service providers to efficiently deliver data and voice traffic over existing fiber networks.

Processors and Wireless Infrastructure

Multicore Communication Processor. Used in building current and next-generation server, storage, data networking and wireless equipment, our XLP® multicore solutions provide leading central processing unit (CPU) performance utilizing quad issue, quad threaded and out-of-order execution. These CPU cores are coupled with high performance on-chip fabric and accelerators, enabling multi-chip cache coherent configurations. Broadcom's high-speed communications processors support complex networking applications, such as deep content switching, routing and load balancing at wireline speed.

Knowledge-Based Processors (KBP). Broadcom's knowledge-based processors enable high-performance decision-making for packet processing in a variety of advanced devices in the enterprise, metro, access, edge and core networking spaces. This family features the ability to process packets at wire-speed and lowest power consumption.

Digital Front End. Our Digital Front-End (DFE) processor family delivers superior linearization performance for 2G, 3G and 4G protocols and advances the ability for base station design, deployment and management to meet this Multi-Protocol demand. This enables the creation of flexible platforms that can adapt dynamically to future network requirements.

Microwave Modems and RF. Our family of microwave modems and RF chip sets allows our customers to build the highest performance wireless backhaul and LAN extension products for service providers. They include features such as dual polarization for increased throughput, integrated networking functionality and full path protection.

Custom Silicon Products

We offer customers a range of custom application-specific integrated circuit, or ASIC, products that integrate customer-specific intellectual property into larger, more highly integrated solutions. This approach enables our customers to leverage their own intellectual property while still benefiting from the cost, power and performance benefits of a more integrated, often single-chip, solution.

Licensing of Intellectual Property

We generate licensing revenue and related income from the licensing of our intellectual property. The vast majority of our licensing revenue and related income has been derived from the Qualcomm Agreement. See detailed discussion in the "*Overview*" section in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.* This licensing revenue and related income represented 2.6%, 3.1% and 3.3% of our total net revenue in 2012, 2011 and 2010, respectively. The income from the Qualcomm Agreement is non-recurring and will terminate in April 2013. There can be no assurances that we will be able to enter into similar arrangements of this magnitude in the future.

Reference Platforms

To assist our customers in developing products, we develop reference platforms designed around our integrated circuit products that represent prototypical system-level applications. These reference platforms generally include an extensive suite of software drivers, as well as protocol and application layer software. By providing reference platforms that may ultimately be incorporated into our customers' end products, we assist our customers in transitioning from initial prototype designs to final production releases. We believe this enables our customers to achieve easier and faster transitions from the initial prototype designs through final production releases. We believe these reference platform designs also significantly enhance customers' confidence that our products will meet their market requirements and product introduction schedules.

Customers and Strategic Relationships

We sell our products to leading wired and wireless communications manufacturers. We have also established strategic relationships with multiservice operators that provide wired and wireless communications services to consumers and businesses. Our leading customers currently shipping wired and/or wireless communications equipment and devices incorporating our products include:

- Alcatel-Lucent
- Apple
- Cisco
- Dell
- EchoStar
- Hewlett-Packard
- Huawei Technologies
- Humax
- Motorola Mobility
- Netgear
- Nokia
- Pace
- Samsung
- Thomson
- ZTE

A small number of customers have historically accounted for a substantial portion of our net revenue. Contributions to our net revenue by these customers have increased in the last several years. Sales to our five largest customers represented 47.2%, 42.6% and 38.6% of our net revenue in 2012, 2011 and 2010, respectively. In 2012, 2011 and 2010 sales to Samsung and Apple represented 17.3% and 14.6%, 10.0% and 13.1%, and 10.0% and 10.9% of our net revenue, respectively. See Note 11 of Notes to Consolidated Financial Statements, included in Part IV, Item 15 of this Report. We expect that our key customers will continue to account for a substantial portion of our net revenue in 2013 and in the foreseeable future. We typically sell products pursuant to purchase orders that customers can generally cancel, change or defer on short notice without incurring a significant penalty.

Research and Development

We have assembled a large team of experienced engineers and technologists, many of whom are leaders in their particular field or discipline. As of December 31, 2012 we had approximately 8,700 research and development employees (or approximately 77% of our total employees), including over 850 employees with Ph.D.s. These key employees are involved in advancing our core technologies, as well as product development. We believe that increased intellectual property integration and the timely introduction of new products are essential to our growth. Because SoC solutions benefit from the same underlying core technologies, we are able to address a wide range of communications markets with a relatively focused investment in research and development. Our research and development expense was $2.32 billion, $1.98 billion and $1.76 billion in 2012, 2011 and 2010, respectively. These amounts included stock-based compensation expense for employees engaged in research and development of $368 million, $363 million and $342 million in 2012, 2011 and 2010, respectively. We have design centers throughout the United States, including our principal design facilities in Irvine, California and Santa Clara County, California. Internationally, we have design facilities in Asia, Europe, Israel and Canada. We anticipate establishing additional design centers in the United States and in other countries.

The cyclicality and seasonality of our industry growth do not meaningfully affect our R&D costs on an absolute dollar basis, but can affect our R&D costs as a percentage of revenue. We endeavor to manage our cost structure to attain long-term business objectives, rather than focusing on short-term profit targets. We view the predictability and stability of our engineering base as a source of competitive advantage. Accordingly, when necessary, we endeavor to reduce research and development costs primarily through slowing incremental hiring or through selectively exiting certain markets, and we typically only resort to broader staffing reductions when we believe our cash flow from operations is at risk of dropping below certain thresholds.

Manufacturing

Wafer Fabrication

We depend on multiple foundry subcontractors located in Asia to manufacture a majority of our products. Our key silicon foundries are:

- Taiwan Semiconductor Manufacturing Corporation in Taiwan;
- United Microelectronics Corporation in Singapore and Taiwan;
- Semiconductor Manufacturing International Corporation in China; and
- GlobalFoundries, Inc. (formerly Chartered Semiconductor Manufacturing) in Singapore.

By subcontracting manufacturing, we focus resources on design and test applications where we believe we have greater competitive advantages. This strategy also avoids the high capital cost of owning and operating semiconductor wafer fabrication facilities. See "*Risk Factors*" under Item 1A of this Report for a discussion of the risks associated with our dependence on independent foundry subcontractors.

Most of our products are manufactured using complementary metal oxide semiconductor, or CMOS, process technology. Our products are currently fabricated on a variety of processes ranging from 500 nanometers to 28 nanometers. We generally evaluate the benefits, on a product-by-product basis, of migrating to smaller geometry process technologies. Approximately 60% of our products are currently manufactured in 65 nanometers (with an increasing number of products being manufactured in 40 nanometers). We are designing most new products in 40 nanometers, 28 nanometers and 20 nanometers, and are beginning to evaluate FinFET technologies. See "*Risk Factors*" under Item 1A of this Report for a discussion of the risks associated with transitioning to smaller geometry process technologies.

Assembly and Test

Our products are tested at either the wafer level and/or the packaged finished products level. Our product testing is conducted by independent foundries, and independent test subcontractors. The die are assembled into finished products by independent assembly and package subcontractors. A majority of our test and assembly is performed by the following independent subcontractors:

- Advanced Semiconductor Engineering (ASE) in Singapore, China and Taiwan (test, assembly and packaging);
- Siliconware Precision in Taiwan (test, assembly and packaging);
- United Test and Assembly Center in Singapore, China and Thailand (test, assembly and packaging);
- Amkor in Korea, Philippines, Taiwan and China (assembly and packaging only);
- STATSChipPAC in Singapore, Korea, Malaysia and China (test, assembly and packaging); and
- Signetics in Korea (assembly and packaging only).

See "*Risk Factors*" under Item 1A of this Report for a discussion of the risks associated with our dependence on third party assembly and test subcontractors.

Quality Assurance

We consider product reliability from the initial stage of the design cycle through each specific design process, from layout through testing. Our operations and quality engineering teams closely manage the interface between manufacturing and design engineering. We evaluate each assembly and foundry subcontractor. We also participate in quality and reliability monitoring by reviewing electrical and parametric data from our wafer foundry and assembly subcontractors. We closely monitor wafer foundry production to ensure consistent overall quality, reliability and yield levels. All of our principal independent foundries and package assembly facilities are currently ISO 9001 certified, a comprehensive International Standards Organization specified quality system acknowledgment. As part of our total quality program, we received ISO 9001 certification for our Singapore distribution facility.

Environmental Management

We assess the environmental impact of our products to international standards. Our manufacturing subcontractors have registered our manufacturing flow to ISO 14000, the international standard related to environmental management. Lead-free solutions in electronic components and systems are receiving increasing attention within the semiconductor industry. Our products are compliant with the Restriction of Hazardous Substances Directive, or RoHS, the European legislation that restricts the use of a number of substances, including lead, and current European REACH (Regulation, Evaluation and Authorization of Chemicals) laws.

Product Distribution

Due largely to the location of our customers and their fabrication facilities, the majority of our products are shipped internationally to customers through our distribution center in Singapore and a smaller portion domestically via an operations and distribution center in Irvine, California. Net product revenue derived from actual shipments to international destinations, primarily in Asia represented 96.8%, 96.9% and 95.6% of our net revenue in 2012, 2011 and 2010, respectively.

Sales and Marketing

Our sales and marketing strategy is to achieve design wins with technology leaders by providing quality, state-of-the-art products, superior engineering execution, and superior sales, field application and engineering support. We market and sell our products in the United States through a direct sales force, distributors and manufacturers' representatives. The majority of our domestic sales occur through our direct sales force, which is based in offices located in California and throughout the United States. We market and sell our products internationally through regional offices primarily in Asia, Europe and North America, as well as through a network of independent and fulfillment distributors and representatives in Asia, Australia, Europe and North America. We or our customers select these independent entities based on their ability to provide effective field sales, marketing communications and technical support to our customers. All international sales to date have been in U.S. dollars. We present revenue from independent customers by geographic area in Note 11 of Notes to Consolidated Financial Statements, included in Part IV, Item 15 of this Report.

Backlog

Our sales are primarily made through standard purchase orders for delivery of products. We follow industry practice that allows customers to cancel, change or defer orders with limited advance notice prior to shipment. Given this practice, we do not believe that backlog is a reliable indicator of future revenue levels.

Competition

The semiconductor industry in general, and wired and wireless communications markets in particular, are intensely competitive and are characterized by rapid change, evolving standards, short product life cycles and price erosion. We believe that the principal factors of competition for integrated circuit providers include:

- product quality and reputation
- product capabilities
- level of integration
- engineering execution and scale
- reliability
- power efficiency
- market presence
- standards compliance
- system cost
- intellectual property
- customer interface and support
- time-to-market

We believe that we currently compete favorably with respect to each of these factors.

We compete with a number of major domestic and international suppliers of integrated circuits and related applications. We also compete with suppliers of system-level and motherboard-level solutions incorporating integrated circuits that are proprietary or sourced from manufacturers other than Broadcom. This competition, along with Moore's law, has resulted and will continue to result in declining average selling prices for our products in certain markets. We also may face competition from newly established competitors, suppliers of products based on new or emerging technologies, and customers that choose to develop their own silicon solutions. We expect to encounter continuing consolidation in the markets in which we compete.

Some of our competitors operate their own fabrication facilities and have longer operating histories and presence in key markets, greater name recognition, larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution and other resources than we do. As a result, these competitors may be able to
adapt more quickly to new or emerging technologies and changes in customer requirements or devote greater resources to the promotion and sale of their products. Current and potential competitors have established or may establish financial or strategic relationships among themselves or with existing or potential customers, resellers or other third parties, and may refuse to provide us with information necessary to permit the interoperability of our products with theirs. Accordingly, it is possible that new competitors or alliances among competitors could emerge and rapidly acquire significant market share. In addition, competitors may develop technologies that more effectively address our markets with products that offer enhanced features, lower power requirements or lower costs. Increased competition could result in pricing pressures, decreased gross margins and loss of market share and may materially and adversely affect our business, financial condition and results of operations. See "*Risk Factors*" under Item 1A of this Report for further discussion of the risks associated with competition.

Seasonality

An increasing number of our products are being incorporated into consumer electronic products, which are subject to seasonality and fluctuations in demand, and tend to have stronger sales in the middle of the fiscal year as manufacturers prepare for the major holiday selling seasons.

Intellectual Property

Our success and future product revenue growth depend, in part, on our ability to protect our intellectual property. We rely primarily on patents, copyrights, trademarks and trade secrets, as well as nondisclosure agreements and other methods, to protect our proprietary technologies and processes. However, these may not provide meaningful or adequate protection for our intellectual property.

We currently hold more than 7,800 U.S. and more than 3,100 foreign patents (up from more than 6,000 U.S. and more than 2,550 foreign patents from the prior year) and have more than 7,700 additional U.S. and foreign pending patent applications. We believe that no single patent is solely responsible for protecting our products and that the duration of our patents is adequate relative to the expected lives of our products.

We generally enter into confidentiality agreements with our employees and strategic partners, and typically control access to and distribution of product documentation and other proprietary information. Despite these precautions, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our technologies and processes, develop similar technology independently, or design around our patents. As such, any rights granted under our patents may not provide us with meaningful protection. In addition, we may not be able to successfully enforce our patents against infringing products in every jurisdiction. See "*Risk Factors*" under Item 1A of this Report for further discussion of the risks associated with patents and intellectual property.

Some or all of our patents have in the past been licensed and likely will in the future be licensed to certain of our competitors through cross-license agreements, such as the Qualcomm Agreement. See the detailed discussion in the "*Overview*" section in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*. Moreover, because we have participated and continue to participate in developing various industry standards, we may be required to license some of our patents to others, including competitors, who develop products based on those standards.

Companies in and related to the semiconductor industry and the wired and wireless communications markets often aggressively protect and pursue their intellectual property rights. We are currently engaged in litigation and may need to engage in additional litigation to enforce our intellectual property rights or the rights of our customers, to protect our trade secrets, or to determine the validity and scope of proprietary rights of others, including our customers. In addition, we are currently engaged in litigation and may engage in future litigation with parties that claim that we infringed their patents or misappropriated or misused their trade secrets. Such litigation will result in substantial costs and diversion of our resources and could materially and adversely affect our business, financial condition and results of operations. For a detailed description of our outstanding intellectual property litigation, see Note 9 of Notes to Consolidated Financial Statements, included in Part IV, Item 15 of this Report.

Employees

As of December 31, 2012 we had approximately 11,300 employees, including 8,700 individuals engaged in research and development, 1,050 engaged in sales and marketing, 700 engaged in manufacturing operations, and 850 engaged in general and administrative activities. Our employees are not represented by any collective bargaining agreement, and we have never experienced a work stoppage. We believe our employee relations are good.

Item 1A. *Risk Factors*

Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described below in addition to the other information contained in this Report and in our other filings with the SEC, including subsequent reports on Forms 10-Q and 8-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs with material adverse effects on Broadcom, our business, financial condition, results of operations and/or liquidity could be seriously harmed. In that event, the market price for our Class A common stock will likely decline, and you may lose all or part of your investment.