Broadcom Ltd
Form 10-Q
March 09, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q
(MARK ONE)

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

For the quarterly period ended January 29, 2017

OR

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

For the transition period from to

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Broadcom Limited: YES þ NO ¨ Broadcom Cayman L.P. : YES þ NO ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Broadcom Limited: YES þ NO ¨ Broadcom Cayman L.P. : YES þ NO ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Broadcom Limited: YES ¨ NO þ Broadcom Cayman L.P. : YES ¨ NO þ
As of February 24, 2017, Broadcom Limited had 401,362,466 of its ordinary shares, no par value per share, outstanding.

As of February 24, 2017, Broadcom Cayman L.P. had 390,406,274 common partnership units outstanding (all of which are owned by Broadcom Limited) and 22,636,172 restricted exchangeable partnership units outstanding.

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the fiscal quarter ended January 29, 2017 of Broadcom Limited and Broadcom Cayman L.P. Unless stated otherwise or the context otherwise requires, references to "Broadcom," "we," "our" and "us" mean Broadcom Limited and its consolidated subsidiaries, including Broadcom Cayman L.P. References to the "Partnership" mean Broadcom Cayman L.P. and its consolidated subsidiaries. Financial information and results of operations presented in the Form 10-Q for the periods prior to February 1, 2016 relate to Avago Technologies Limited, our predecessor, and relate to Broadcom and the Partnership for the periods after February 1, 2016. Broadcom Corporation was indirectly acquired by Broadcom on February 1, 2016 (refer to Note 1. "Overview, Basis of Presentation and Significant Accounting Policies" for additional information).
As of January 29, 2017, Broadcom Limited owned approximately 95% of the Partnership (represented by common partnership units, or Common Units) and is the sole general partner of the Partnership, or the General Partner. The balance of the interest in the Partnership is held by certain former shareholders of Broadcom Corporation common stock, or the Limited Partners, in the form of restricted exchangeable limited partnership units, or Partnership REUs.
As the General Partner, Broadcom has the exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership in accordance with the amended and restated exempted limited partnership agreement, as amended from time to time, and applicable laws. There is no board of directors of the Partnership.
Shareholders' equity, partners' capital and the Limited Partners' noncontrolling interest in Broadcom are the primary areas of difference between the unaudited condensed consolidated financial statements of Broadcom and those of the Partnership. The Partnership's capital consists of Common Units owned by Broadcom and Partnership REUs owned by the Limited Partners. The Partnership REUs are accounted for in partners' capital in the Partnership's financial statements and as noncontrolling interest in shareholders' equity in Broadcom's financial statements.
The material differences between Broadcom and the Partnership are discussed in various sections in this report, including separate financial statements (but combined footnotes), separate disclosure controls and procedures sections, separate certifications of periodic report under Section 302 of the Sarbanes-Oxley Act of 2002 and separate certifications pursuant to 18 U.S.C Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. In the sections that combine disclosure for Broadcom and the Partnership, this report refers to actions or holdings as being actions or holdings of Broadcom.
Broadcom consolidates the Partnership for financial reporting purposes, and neither Broadcom nor the Partnership has material assets other than its interests in their subsidiaries. Therefore, while shareholders' equity and partners' capital differ as discussed above, the assets of Broadcom and the Partnership are materially the same on their respective financial statements.

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BROADCOM LIMITED AND BROADCOM CAYMAN L.P.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended January 29, 2017

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PART I — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements — Unaudited

BROADCOM LIMITED AND BROADCOM CAYMAN L.P.

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

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

	January 29, 2017	October 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,536	$ 3,097
Trade accounts receivable, net	1,947	2,181
Inventory	1,336	1,400
Other current assets	531	447
Total current assets	7,350	7,125
Long-term assets:		
Property, plant and equipment, net	2,646	2,509
Goodwill	24,700	24,732
Intangible assets, net	14,067	15,068
Other long-term assets	854	532
Total assets	$ 49,617	$ 49,966
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,047	$ 1,261
Employee compensation and benefits	336	517
Current portion of long-term debt	—	454
Other current liabilities	739	846
Total current liabilities	2,122	3,078
Long-term liabilities:		
Long-term debt	13,562	13,188
Pension and post-retirement benefit obligations	518	531
Other long-term liabilities	11,405	11,293
Total liabilities	27,607	28,090
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Ordinary shares, no par value; 400,292,144 shares and 398,281,461 shares issued and outstanding on January 29, 2017 and October 30, 2016, respectively	19,504	19,241
Non-economic voting preference shares, no par value; 22,804,591 shares issued and outstanding on January 29, 2017 and October 30, 2016	—	—
Accumulated deficit	(337)	(215)
Accumulated other comprehensive loss	(134)	(134)
Total Broadcom Limited shareholders' equity	19,033	18,892
Noncontrolling interest	2,977	2,984
Total shareholders' equity	22,010	21,876
Total liabilities and shareholders' equity	$ 49,617	$ 49,966

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

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

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Net revenue	$4,139	$ 1,771
Cost of products sold:		
Cost of products sold	1,573	699
Amortization of acquisition-related intangible assets	559	130
Restructuring charges	6	1
Total cost of products sold	2,138	830
Gross margin	2,001	941
Research and development	808	267
Selling, general and administrative	201	114
Amortization of acquisition-related intangible assets	440	54
Restructuring, impairment and disposal charges	46	31
Total operating expenses	1,495	466
Operating income	506	475
Interest expense	(111)	(84)
Loss on extinguishment of debt	(159)	—
Other income, net	31	3
Income from continuing operations before income taxes	267	394
Provision for income taxes	10	17
Income from continuing operations	257	377
Loss from discontinued operations, net of income taxes	(5)	—
Net income	252	377
Net income attributable to noncontrolling interest	13	—
Net income attributable to ordinary shares	$239	$ 377
Basic income per share attributable to ordinary shares:		
Income per share from continuing operations	$0.61	$ 1.36
Loss per share from discontinued operations	(0.01)	—
Net income per share	$0.60	$ 1.36
Diluted income per share attributable to ordinary shares:		
Income per share from continuing operations	$0.58	$ 1.30
Loss per share from discontinued operations	(0.01)	—
Net income per share	$0.57	$ 1.30
Weighted-average shares:		
Basic	399	277
Diluted	439	289
Cash dividends declared and paid per share	$1.02	$ 0.44

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

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

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Net income	$252	$ 377
Other comprehensive income, net of tax:		
Other comprehensive income	—	—
Comprehensive income	252	377
Comprehensive income attributable to noncontrolling interest	13	—
Comprehensive income attributable to ordinary shares	$239	$ 377

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

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

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Cash flows from operating activities:		
Net income	$252	$ 377
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,114	244
Share-based compensation	202	57
Excess tax benefits from share-based compensation	—	(23)
Non-cash portion of debt extinguishment loss	159	—
Deferred taxes and other non-cash tax expense	(25)	(8)
Gain on disposition of assets	(23)	—
Non-cash restructuring, impairment and disposal charges	17	22
Amortization of debt issuance costs and accretion of debt discount	8	4
Other	5	4
Changes in assets and liabilities, net of acquisitions and disposals:		
Trade accounts receivable, net	234	(41)
Inventory	65	34
Accounts payable	(137)	(68)
Employee compensation and benefits	(181)	(149)
Other current assets and current liabilities	(237)	16
Other long-term assets and long-term liabilities	(100)	5
Net cash provided by operating activities	1,353	474
Cash flows from investing activities:		
Purchases of property, plant and equipment	(325)	(140)
Proceeds from sales of businesses	10	68
Other	(4)	(13)
Net cash used in investing activities	(319)	(85)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	13,550	—
Debt repayments	(13,668)	(11)
Debt issuance costs	(107)	(4)
Dividend and distribution payments	(431)	(122)
Issuance of ordinary shares	61	72
Excess tax benefits from share-based compensation	—	23
Net cash used in financing activities	(595)	(42)
Net change in cash and cash equivalents	439	347
Cash and cash equivalents at the beginning of period	3,097	1,822
Cash and cash equivalents at end of period	$3,536	$ 2,169

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

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

	January 29, 2017		October 30, 2016	
ASSETS				
Current assets:				
Cash and cash equivalents	$	3,393	$	3,044
Trade accounts receivable, net	1,947		2,181	
Inventory	1,336		1,400	
Other current assets	674		500	
Total current assets	7,350		7,125	
Long-term assets:				
Property, plant and equipment, net	2,646		2,509	
Goodwill	24,700		24,732	
Intangible assets, net	14,067		15,068	
Other long-term assets	854		532	
Total assets	$	49,617	$	49,966
LIABILITIES AND PARTNERS' CAPITAL				
Current liabilities:				
Accounts payable	$	1,047	$	1,261
Employee compensation and benefits	336		517	
Current portion of long-term debt	—		454	
Other current liabilities	739		846	
Total current liabilities	2,122		3,078	
Long-term liabilities:				
Long-term debt	13,562		13,188	
Pension and post-retirement benefit obligations	518		531	
Other long-term liabilities	11,405		11,293	
Total liabilities	27,607		28,090	
Commitments and contingencies (Note 12)				
Partners' capital:				
Common partnership units; 390,237,855 units issued and outstanding	19,167		19,026	

on January 29, 2017 and October 30, 2016		
Restricted exchangeable units; 22,804,591 units issued and outstanding on January 29, 2017 and October 30, 2016	2,977	2,984
Accumulated other comprehensive loss	(134)	(134)
Total partners’ capital	22,010	21,876
Total liabilities and partners’ capital	$ 49,617	$ 49,966

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

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Net revenue	$4,139	$ 1,771
Cost of products sold:		
Cost of products sold	1,573	699
Amortization of acquisition-related intangible assets	559	130
Restructuring charges	6	1
Total cost of products sold	2,138	830
Gross margin	2,001	941
Research and development	808	267
Selling, general and administrative	201	114
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Total operating expenses	1,495	466
Operating income	506	475
Interest expense	(111)	(84)
Loss on extinguishment of debt	(159)	—
Other income, net	31	3
Income from continuing operations before income taxes	267	394
Provision for income taxes	10	17
Income from continuing operations	257	377
Loss from discontinued operations, net of income taxes	(5)	—
Net income	$252	$ 377
General Partner's interest in net income	$239	$ —
Limited Partners' interest in net income	$13	$ —
Net income attributable to ordinary shareholders	$—	$ 377
Cash distribution paid per restricted exchangeable partnership unit	$1.02	$ —
Cash distribution paid to General Partner	$408	$ —
Cash dividends paid per ordinary share	$—	$ 0.44

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

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

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Net income	$252	$ 377
Other comprehensive income, net of tax:		
Other comprehensive income	—	—
Comprehensive income	$252	$ 377

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

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BROADCOM CAYMAN L.P.
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(in millions)

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Cash flows from operating activities:		
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Changes in assets and liabilities, net of acquisitions and disposals:		
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Cash flows from financing activities:		
Proceeds from issuance of long-term debt	13,550	—
Debt repayments	(13,668)	(11)
Debt issuance costs	(107)	(4)
Dividend payments to ordinary shareholders	—	(122)
Distributions paid to unit holders	(431)	—
Issuance of ordinary shares by General Partner	—	72
Capital transactions with General Partner	(29)	—
Excess tax benefits from share-based compensation	—	23
Net cash used in financing activities	(685)	(42)
Net change in cash and cash equivalents	349	347
Cash and cash equivalents at the beginning of period	3,044	1,822
Cash and cash equivalents at end of period	$3,393	$ 2,169

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

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

As a result of Broadcom’s controlling interest in the Partnership, we consolidate the financial results of the Partnership and present a noncontrolling interest for the portion of the Partnership we do not own in our condensed consolidated financial statements. Net income attributable to noncontrolling interest in the condensed consolidated statements of operations represents the portion of income attributable to the economic interest in the Partnership owned by the Limited Partners.

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The accompanying condensed consolidated financial statements include the results of operations of BRCM and other acquisitions commencing as of their respective acquisition dates.

The operating results for the fiscal quarter ended January 29, 2017 are not necessarily indicative of the results that may be expected for fiscal year 2017, or for any other future period.

Significant Accounting Policies

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

Recently Adopted Accounting Guidance

In the first quarter of fiscal year 2017, we early adopted an accounting standards update issued by the Financial Accounting Standards Board, or FASB, in March 2016 that simplifies the accounting for certain aspects of stock-based payments to employees. The standard eliminates (i) the requirement to report excess tax benefits and certain tax deficiencies related to share-based payment transactions as additional paid-in capital and (ii) the requirement that excess tax benefits be realized before companies can recognize them. The standard requires a modified-retrospective transition method by means of a cumulative-effect adjustment as of the beginning of the period in which the guidance is adopted. As a result of adoption, we recognized a $42 million tax benefit as a discrete item for the first quarter of fiscal year 2017, a $47 million cumulative-effect adjustment to reduce our accumulated deficit and a $3 million cumulative-effect adjustment to increase our noncontrolling interest for previously unrecognized excess tax benefits as of October 30, 2016. In connection with the adoption, we elected to present excess tax benefits within operating activities on the statement of cash flows prospectively and we continued our existing practice of estimating forfeitures.

Recent Accounting Guidance Not Yet Adopted

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

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

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

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

2. Acquisitions

Acquisition of Broadcom Corporation

Our results of continuing operations for the fiscal quarter ended January 29, 2017 include $2,301 million of net revenue attributable to BRCM. It is impracticable to determine the effect on net income attributable to BRCM for the periods presented as we immediately integrated BRCM into our ongoing operations.

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Unaudited Pro Forma Information

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

	Fiscal Quarter Ended January 31, 2016
Pro forma net revenue	$ 3,821
Pro forma net income from continuing operations	$ 148
Pro forma net income	$ 148
Pro forma net income attributable to ordinary shares	$ 140
Pro forma income per share attributable to ordinary shares - basic	$ 0.36
Pro forma income per share attributable to ordinary shares - diluted	$ 0.35

Pending Acquisition of Brocade Communications Systems, Inc.

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

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

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

Consummation of the Brocade Acquisition is subject to the satisfaction or waiver of customary closing conditions, including the expiration or termination of the waiting period under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the receipt of regulatory clearance under certain other laws and the absence of certain pending governmental litigation with respect to the transactions contemplated by the Brocade Agreement. The Brocade Agreement contains certain termination rights for us and Brocade, and further provides that, upon termination of the Brocade Agreement under certain specified circumstances, Brocade will be obligated to pay us a

termination fee of $195 million.
Under the Brocade Agreement, Brocade has agreed to cooperate with us to facilitate the sale, disposition or other transfer of its IP Networking business, including its recently acquired Ruckus Wireless business. The consummation of the Brocade Acquisition is not conditioned on the divestiture of Brocade's IP Networking business.
On February 22, 2017, we announced our agreement to sell a portion of Brocade's IP Networking business, including the Ruckus Wireless and ICX Switch businesses, to ARRIS International plc for cash consideration of $800 million, plus the additional cost of unvested assumed employee stock awards. The closing is subject to regulatory approvals in various jurisdictions and other customary closing conditions but does not require shareholder approval by either company, is not

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subject to any financing conditions, and is currently expected to close approximately one month following the closing of the Brocade Acquisition. This transaction is contingent on the closing of the Brocade Acquisition.

We currently expect the Brocade Acquisition to close in our third fiscal quarter ending July 30, 2017.

3. Supplemental Financial Information

Cash and Cash Equivalents

Cash equivalents included $1,603 million and $1,022 million of time deposits as of January 29, 2017 and October 30, 2016, respectively. The carrying value of time deposits approximates fair value due to the short-term nature of the instruments.

Inventory

Inventory consists of the following (in millions):

	January 29, 2017	October 30, 2016
Finished goods	$ 478	$ 431
Work-in-process	612	596
Raw materials	246	373
Total inventory	$ 1,336	$ 1,400

Accrued Rebate Activity

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

	Accrued Rebate Liabilities
Balance as of October 30, 2016	$ 317
Charged as a reduction of revenue	64
Reversal of unclaimed rebates	(19)
Payments	(126)
Balance as of January 29, 2017	$ 236

Other Long-Term Liabilities

Other long-term liabilities consist of the following (in millions):

	January 29, 2017	October 30, 2016
Deferred tax liabilities	$ 10,274	$ 10,287
Unrecognized tax benefits [(a)]	1,060	893
Other	71	113
Total other long-term liabilities	$ 11,405	$ 11,293

(a) Includes accrued interest and penalties.

Supplemental Cash Flow Information

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

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Cash paid for interest	$102	$ 80
Net cash paid (refunds received) for income taxes	$97	$ (7)

At January 29, 2017 and October 30, 2016, we had $116 million and $159 million, respectively, of unpaid purchases of property, plant and equipment included in accounts payable and other current liabilities.

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4. Goodwill and Intangible Assets

Goodwill

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

	Wired Infrastructure	Wireless Communications	Enterprise Storage	Industrial & Other	Total
Balance as of October 30, 2016	$ 17,641	$ 5,952	$ 995	$ 144	$24,732
Broadcom Merger adjustments	(25)	(7)	—	—	(32)
Balance as of January 29, 2017	$ 17,616	$ 5,945	$ 995	$ 144	$24,700

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

Intangible Assets

Intangible assets consist of the following (in millions):

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
As of January 29, 2017:			
Purchased technology	$ 12,382	$ (2,412)	$9,970
Customer contracts and related relationships	4,231	(1,807)	2,424
Trade names	528	(87)	441
Other	115	(11)	104
Intangible assets subject to amortization	17,256	(4,317)	12,939
In-process research and development	1,128	—	1,128
Total	$ 18,384	$ (4,317)	$ 14,067
As of October 30, 2016:			
Purchased technology	$ 12,182	$ (1,855)	$ 10,327
Customer contracts and related relationships	4,231	(1,377)	2,854
Trade names	528	(77)	451
Other	107	(7)	100
Intangible assets subject to amortization	17,048	(3,316)	13,732
In-process research and development	1,336	—	1,336
Total	$ 18,384	$ (3,316)	$ 15,068

Based on the amount of intangible assets subject to amortization at January 29, 2017, the expected amortization expense for each of the next five fiscal years and thereafter is as follows (in millions):

Fiscal Year:	
2017 (remainder)	$3,224
2018	2,855
2019	2,101
2020	1,735
2021	1,389
2022	1,008
Thereafter	627
Total	$12,939

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The weighted-average amortization periods remaining by intangible asset category as of January 29, 2017 were as follows (in years):

Amortizable intangible assets:	
Purchased technology	6
Customer contracts and related relationships	3
Trade name	13
Other	12

5. Net Income Per Share

Broadcom

Basic net income per share is computed by dividing net income attributable to ordinary shares by the weighted-average number of Broadcom ordinary shares outstanding during the period. Diluted net income per share is computed by dividing net income attributable to ordinary shares and, if the Partnership REUs are dilutive, net income attributable to noncontrolling interest by the weighted-average number of Broadcom ordinary shares and potentially dilutive share equivalents outstanding during the period. Diluted shares outstanding include the dilutive effect of in-the-money share options, RSUs and employee share purchase rights under the Amended and Restated Broadcom Limited Employee Share Purchase Plan, or ESPP (together referred to as equity awards). Diluted shares outstanding also include Broadcom ordinary shares issuable upon exchange of the Partnership REUs (refer to Note 8. “Partners’ Capital” for additional information) for the fiscal quarter ended January 29, 2017.

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

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

There were no material antidilutive equity awards for the fiscal quarters ended January 29, 2017 or January 31, 2016.

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

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Numerator - Basic:		
Income from continuing operations	$257	$ 377
Less: Income from continuing operations attributable to noncontrolling interest	13	—
Income from continuing operations attributable to ordinary shares	$244	$ 377
Loss from discontinued operations, net of income taxes	$(5)	$ —
Less: Loss from discontinued operations, net of income taxes, attributable to noncontrolling interest	—	—
Loss from discontinued operations, net of income taxes, attributable to ordinary shares	$(5)	$ —
Net income attributable to ordinary shares	$239	$ 377
Numerator - Diluted:		
Income from continuing operations	$257	$ 377
Loss from discontinued operations, net of income taxes	(5)	—
Net income	$252	$ 377
Denominator:		
Weighted-average ordinary shares outstanding - basic	399	277
Dilutive effect of equity awards	17	12
Exchange of noncontrolling interest for ordinary shares	23	—
Weighted-average ordinary shares outstanding - diluted	439	289
Basic income per share attributable to ordinary shares:		
Income per share from continuing operations	$0.61	$1.36
Loss per share from discontinued operations, net of income taxes	(0.01)	—
Net income per share	$0.60	$1.36
Diluted income per share attributable to ordinary shares:		
Income per share from continuing operations	$0.58	$1.30
Loss per share from discontinued operations, net of income taxes	(0.01)	—
Net income per share	$0.57	$1.30

The Partnership

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

6. Borrowings

Senior Notes

On January 19, 2017, two Broadcom subsidiaries, BRCM and Broadcom Cayman Finance Limited, or the Co-Issuers, completed the issuance and sale of senior unsecured notes, or Senior Notes, in an aggregate principal amount of $13,550 million. Each series of Senior Notes is fully and unconditionally guaranteed, jointly and severally, on an unsecured, unsubordinated basis by Broadcom, the Partnership, and BC Luxembourg S.à r.l., an indirect subsidiary of Broadcom, or collectively, the Guarantors, subject to certain release conditions described in the indenture governing the Senior Notes, or

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the Indenture. The Co-Issuers may redeem all or a portion of the Senior Notes at any time prior to their maturity, subject to a specified make-whole premium as set forth in the Indenture. In the event of a change of control triggering event, each holder of Senior Notes will have the right to require us to purchase for cash all or a portion of their Senior Notes at a redemption price of 101% of the aggregate principal amount of such Senior Notes plus accrued and unpaid interest. The Indenture also contains covenants that restrict, among other things, the ability of Broadcom and its subsidiaries to incur additional secured debt and consummate certain sale and leaseback transactions, and the ability of the Co-Issuers and the Guarantors to merge, consolidate or sell all or substantially all of their assets.

The Co-Issuers used the net proceeds, plus cash on hand, to repay all of the term loans outstanding under our guaranteed, collateralized credit agreement, or the 2016 Credit Agreement, dated February 1, 2016, in the aggregate amount of $13,555 million and to pay $107 million of related fees and expenses. Each series of Senior Notes will pay interest semi-annually in cash in arrears on January 15 and July 15 of each year, beginning on July 15, 2017. The Senior Notes are recorded as long-term debt, net of original issue discount and capitalized debt issuance costs. The discount and debt issuance costs associated with the issuance of the Senior Notes are amortized to interest expense over their respective terms. The effective interest rates for fixed-rate debt include the stated interest on the notes and the accretion of the original issue discount.

As a result of the repayment of the outstanding term loans under the 2016 Credit Agreement during the fiscal quarter ended January 29, 2017, we wrote-off $159 million of debt issuance costs, which were included in loss on extinguishment of debt in the condensed consolidated statements of operations.

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

The following table summarizes details of our Senior Notes:

	January 29, 2017			
	Interest Rate	Effective Interest Rate	Issuance Price	Amount (In millions)
Fixed rate notes due January 2020	2.375%	2.620 %	99.774%	$2,750
Fixed rate notes due January 2022	3.000%	3.214 %	99.592%	3,500
Fixed rate notes due January 2024	3.625%	3.744 %	99.896%	2,500
Fixed rate notes due January 2027	3.875%	4.018 %	99.558%	4,800
Unaccreted discount and unamortized debt issuance costs				(127)
Carrying value of Senior Notes				$13,423

Revolving Credit Facility

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

As of January 29, 2017, there were no borrowings outstanding under the 2016 Revolving Credit Facility or any material outstanding letters of credit. As of January 29, 2017, the unamortized debt issuance costs related to the 2016 Revolving Credit Facility were $8 million and were included in other long-term assets on the condensed consolidated balance sheet.

We were in compliance with all of the covenants described in the 2016 Credit Agreement as of January 29, 2017.

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Assumed Senior Notes

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

	January 29, 2017		
	Interest Rate	Effective Interest Rate	Amount (in millions)
Fixed rate notes due November 2018	2.70 %	2.70 %	$ 117
Fixed rate notes due August 2022 - August 2034	2.50% - 4.50%	2.50% - 4.50%	22
Carrying value of Assumed Senior Notes			$ 139

Fair Value of Debt

As of January 29, 2017, the estimated fair value of the Senior Notes and Assumed Senior Notes was $13,655 million. The fair value of the Senior Notes and Assumed Senior Notes is classified as Level 2 as we use quoted prices from less active markets.

Future Principal Payments of Debt

The future scheduled principal payments for the outstanding Senior Notes and Assumed Senior Notes as of January 29, 2017 were as follows (in millions):

Fiscal Year	
2017 (remainder)	$—
2018	117
2019	—
2020	2,750
2021	—
2022	3,509
Thereafter	7,313
Total	$13,689

7. Shareholders’ Equity

Noncontrolling Interest

Noncontrolling interest represents equity interests in consolidated subsidiaries that are not attributable to Broadcom. As of January 29, 2017, the Limited Partners held a noncontrolling interest of approximately 5% in the Partnership through their ownership of 23 million Partnership REUs, issued to former BRCM shareholders.

Pursuant to the terms of the Partnership Agreement, each Partnership REU is entitled to distributions from the Partnership in an amount equal to any dividends or distributions that Broadcom declares and pays with respect to Broadcom ordinary shares. In addition, each holder of a Partnership REU is entitled to vote with respect to matters on which holders of Broadcom ordinary shares are entitled to vote by directing the voting trustee to vote one non-economic voting preference share for each Partnership REU they hold. On January 30, 2017, Broadcom registered 23 million ordinary shares to allow for Limited Partners to exchange their Partnership REUs pursuant to the Partnership Agreement. Effective February 1, 2017, subject to certain additional requirements and potential deferrals as set forth in the Partnership Agreement, Limited Partners have the right to require the Partnership to repurchase some or all of such Limited Partner’s Partnership REUs in consideration for, as determined by Broadcom in its sole discretion, either one Broadcom ordinary share or a cash amount as determined under the Partnership Agreement for each Partnership REU submitted for repurchase.

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

Dividends

Broadcom paid cash dividends of $1.02 and $0.44 per ordinary share, or $408 million and $122 million in aggregate, during the fiscal quarters ended January 29, 2017 and January 31, 2016, respectively.

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Share-Based Compensation Expense

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

	Fiscal Quarter Ended January 29, 2017	January 31, 2016
Cost of products sold	$ 14	$ 6
Research and development	141	28
Selling, general and administrative	46	23
Total share-based compensation expense	$ 201	$ 57

Equity Incentive Award Plans

A summary of RSU activity under Broadcom's equity incentive award plans is as follows (in millions, except years and per share amounts):

	Number of RSUs Outstanding	Weighted-Average Grant Date Fair Value Per Share	Weighted-Average Remaining Contractual Life (In years)	Aggregate Grant Date Fair Value
Balance as of October 30, 2016	17	$ 130.71		
Granted	— *	$ 159.37		
Vested	(1)	$ 122.76		$ 81
Forfeited	(1)	$ 135.98		
Balance as of January 29, 2017	15	$ 131.32	1.40	

* Represents less than 0.5 million shares.

Total unrecognized compensation cost related to unvested time and market-based RSUs as of January 29, 2017 was $1,379 million, which is expected to be recognized over the remaining weighted-average service period of 2.8 years.

A summary of share option activity under Broadcom's equity incentive award plans is as follows (in millions, except years and per share amounts):

	Number of Options Outstanding	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value
Balance as of October 30, 2016	15	$ 48.77		
Exercised	(2)	$ 45.78		$ 189
Cancelled	— *	$ 62.85		
Balance as of January 29, 2017	13	$ 48.97	3.49	$ 2,067
Fully vested as of January 29, 2017	9	$ 43.35	3.22	$ 1,482
Fully vested and expected to vest as of January 29, 2017	13	$ 48.97	3.49	$ 2,067

* Represents less than 0.5 million shares.

The total unrecognized compensation cost of time and market-based share options granted but not yet vested as of January 29, 2017 was $47 million, which is expected to be recognized over the remaining weighted-average service period of 1.3 years.

8. Partners' Capital

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

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Share-Based Compensation Expense

Share-based incentive awards are provided to employees, directors and other persons who provide services to our subsidiaries under the terms of various Broadcom equity incentive plans. Refer to Note 7. "Shareholders' Equity" for further details.

Capital Transactions with General Partner

During the fiscal quarter ended January 29, 2017, the Partnership had capital transactions with the General Partner of $61 million, which consisted of capital contributions by the General Partner to the Partnership.

Distributions

The Partnership paid a cash distribution of $408 million to Broadcom, as General Partner, and a cash distribution of $1.02 per Partnership REU, or $23 million in aggregate, to the Limited Partners during the fiscal quarter ended January 29, 2017, in accordance with the Partnership Agreement.

9. Income Taxes

For the fiscal quarter ended January 29, 2017, our income tax provision was $10 million compared to $17 million for the fiscal quarter ended January 31, 2016. This decrease was due to a discrete benefit from the recognition of $42 million of excess tax benefits on share-based awards that were vested and/or exercised during the fiscal quarter ended January 29, 2017. This was partially offset by an increase in tax provision caused by a change in the jurisdictional mix of income from continuing operations before income taxes.

Uncertain Tax Positions

We are subject to Singapore income tax examination for fiscal years 2011 and later. Certain of our acquired companies are subject to tax examinations in major jurisdictions outside Singapore for fiscal years 2010 and later. We believe it is possible that we may recognize up to $12 million of our existing unrecognized tax benefits within the next 12 months as a result of lapses of statute of limitations for certain audit periods.

10. Segment Information

Reportable Segments

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

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

Unallocated Expenses

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

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

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

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Net revenue:		
Wired infrastructure	$2,084	$ 386
Wireless communications	1,175	578
Enterprise storage	707	678
Industrial & other	173	129
Total net revenue	$4,139	$ 1,771
Operating income:		
Wired infrastructure	$933	$ 135
Wireless communications	427	265
Enterprise storage	375	309
Industrial & other	61	63
Unallocated expenses	(1,290)	(297)
Total operating income	$506	$ 475

Significant Customer Information

We sell our products through our direct sales force and a select network of distributors globally. One direct customer accounted for 14% and 18% of our net accounts receivable balance at January 29, 2017 and October 30, 2016, respectively. During the fiscal quarter ended January 29, 2017, one direct customer represented 15% of our net revenue. During the fiscal quarter ended January 31, 2016, two direct customers represented 15% and 10% of our net revenue, respectively. The majority of the revenue from these customers was included in our wireless communications and wired infrastructure segments.

11. Related Party Transactions

During the fiscal quarters ended January 29, 2017 and January 31, 2016, in the ordinary course of business, we purchased from, or sold to, entities of which one of our directors also serves or served as a director, or entities that are otherwise affiliated with one of our directors.

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

	Fiscal Quarter Ended	
	January 29, 2017	January 31, 2016
Total net revenue	$ 77	$ 39
Total costs and expenses, including inventory purchases	$ 19	$ 13

	January 29, 2017	October 30, 2016
Total receivables	$ 23	$ 15
Total payables	$ 11	$ 7

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12. Commitments and Contingencies
Commitments
The following table summarizes contractual obligations and commitments as of January 29, 2017 that materially changed from the end of fiscal 2016 (in millions):

		Fiscal Year						
	Total	2017 (remainder)	2018	2019	2020	2021	2022	Thereafter
Debt principal, interest and fees	$16,919	$222	$569	$450	$3,166	$383	$3,839	$ 8,290
Purchase commitments	$1,029	$960	$54	$14	$1	$—	$—	$ —

Debt Principal, Interest and Fees. Represents principal and interest on borrowings under the Senior Notes and Assumed Senior Notes, as well as commitment fees payable under the 2016 Credit Agreement.
Purchase Commitments. Represents unconditional purchase obligations that include agreements to purchase goods or services, primarily inventory, that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions, and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable without penalty. Cancellation for outstanding purchase orders for capital expenditures in connection with internal fabrication facility expansion and construction of our new campuses is generally allowed but requires payment of all costs incurred through the date of cancellation and, therefore, cancelable purchase orders for these capital expenditures are included in the table above.
Due to the inherent uncertainty with respect to the timing of future cash outflows associated with our unrecognized tax benefits at January 29, 2017, we are unable to reliably estimate the timing of cash settlement with the respective taxing authority. Therefore, $1,060 million of unrecognized tax benefits and accrued interest classified within other long-term liabilities on our condensed consolidated balance sheet as of January 29, 2017 have been excluded from the contractual obligations table above.
There were no other substantial changes to our contractual commitments during the first quarter of fiscal year 2017 from those disclosed in Broadcom’s 2016 Annual Report on Form 10-K.
Contingencies
From time to time, we are involved in litigation that we believe is of the type common to companies engaged in our line of business, including commercial disputes, employment issues and disputes involving claims by third parties that our activities infringe their patent, copyright, trademark or other intellectual property rights. Legal proceedings are often complex, may require the expenditure of significant funds and other resources, and the outcome of litigation is inherently uncertain, with material adverse outcomes possible. Intellectual property claims generally involve the demand by a third-party that we cease the manufacture, use or sale of the allegedly infringing products, processes or technologies and/or pay substantial damages or royalties for past, present and future use of the allegedly infringing intellectual property. Claims that our products or processes infringe or misappropriate any third-party intellectual property rights (including claims arising through our contractual indemnification of our customers) often involve highly complex, technical issues, the outcome of which is inherently uncertain. Moreover, from time to time we pursue litigation to assert our intellectual property rights. Regardless of the merit or resolution of any such litigation, complex intellectual property litigation is generally costly and diverts the efforts and attention of our management and technical personnel.
Lawsuits Relating to the Brocade Acquisition
On December 13, 2016, December 15, 2016, December 21, 2016, January 5, 2017 and January 18, 2017, six putative class action complaints were filed in the United States District Court for the Northern District of California, or the U.S. Northern District Court, captioned Steinberg v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7081-EMC, Gross v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7173-EJD, Jha v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7270-HRL, Bragan v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7271-JSD, Chuakay v. Brocade Communications Systems, Inc., et al., No. 3:17-cv-0058-PJH, and Mathew v. Brocade Communications Systems, Inc., et al., No. 3:16-cv-7271-HSG, respectively. The Steinberg, Bragan and Mathew complaints name as defendants Brocade, the members of Brocade’s board of directors, Broadcom

Limited, BRCM, and Merger Sub. The Gross, Jha and Chuakay complaints name as defendants Brocade and the members of Brocade's board of directors. All of the complaints assert claims under Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder. The complaints allege, among other things, that the board of directors of Brocade failed to provide material information and/or omitted material information from the Preliminary Proxy Statement filed with the SEC on December 6, 2016 by Brocade. The complaints seek to enjoin the closing of the transaction between Brocade and Broadcom, as well as certain other equitable and declaratory relief and attorneys' fees and costs. On January 10, 2017, January 27, 2017 and February 15, 2017, the U.S. Northern District Court granted motions to relate the cases, all of which are now related to the Steinberg action and before the Honorable Judge Edward Chen. On January 11, 2017, Plaintiff Jha filed a motion for a preliminary injunction, which was subsequently withdrawn on January 18, 2017. We believe these claims are all entirely without merit and intend to vigorously defend these actions.

Lawsuits Relating to Tessera, Inc.

On May 23, 2016, Tessera Technologies, Inc., Tessera, Inc., or Tessera, and Invensas Corp., or Invensas or collectively, the Complainants, filed a complaint to institute an investigation with the U.S. International Trade Commission, or the U.S. ITC. The Complainants allege infringement by Broadcom, BRCM, Avago and Avago Technologies U.S. Inc., or Avago U.S. or collectively, the Respondents, of three patents relating to semiconductor packaging and semiconductor manufacturing technology. The downstream respondents, which are customers of the Respondents, are Arista Networks, Inc., ARRIS International plc, ARRIS Group, Inc., ARRIS Technology, Inc., ARRIS Enterprises LLC, ARRIS Solutions, Inc., Pace Ltd., Pace Americas, LLC, Pace USA, LLC, ASUSteK Computer Inc., ASUS Computer International, Comcast Cable Communications, LLC, Comcast Cable Communications Management, LLC, Comcast Business Communications, LLC, HTC Corporation, HTC America, Inc., NETGEAR, Inc., Technicolor S.A., Technicolor USA, Inc., and Technicolor Connected Home USA LLC, or collectively, the Downstream Respondents. On July 20, 2016, the U.S. ITC instituted the investigation, or the ITC Investigation. Complainants seek the following relief: (1) a permanent limited exclusion order excluding from importation into the U.S. all of the Respondents' semiconductor devices and semiconductor device packages and Downstream Respondents’ products containing Respondents’ semiconductor devices and semiconductor device packages that infringe one or more of the three patents subject to the ITC Investigation and (2) a permanent cease and desist order prohibiting the Respondents and Downstream Respondents and related companies from importing, marketing, advertising, demonstrating, warehousing inventory for distribution, offering for sale, selling, qualifying for use in the products of others, distributing, or using the Respondents' semiconductor devices and semiconductor device packages and Downstream Respondents’ products containing Respondents’ semiconductor devices and semiconductor device packages that infringe one or more of the three patents subject to the ITC Investigation.

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

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

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

On May 23, 2016, Invensas also filed a complaint against each of (i) Broadcom Germany GmbH and its German distributors, Case No. 7 O 97/16, and (ii) Broadcom and BRCM, Case No. 7 O 98/16, in the Mannheim District Court in Germany, alleging infringement of the European Patent. The required relief includes damages in an unspecified amount and an injunction preventing the sale of the accused products. On February 3, 2017, the Mannheim District Court held a hearing to determine infringement and indicated that it would issue its decision on March 17, 2017.

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

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

We intend to vigorously defend these actions.

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Lawsuits Relating to the Acquisition of BRCM

Since the announcement of the Broadcom Merger, 11 putative class action complaints have been filed by and purportedly on behalf of alleged BRCM shareholders. Two putative class action complaints were filed in the United States District Court for the Central District of California, or the U.S. Central District Court, captioned: Wytas, et al. v. McGregor, et al., Case No. 8:15-cv-00979, filed on June 18, 2015; and Yassian, et al. v. McGregor, et al., Case No. 8:15-cv-01303, filed on August 15, 2015, or the Federal Actions. On September 2, 2015, plaintiffs in the Wytas, et al. v. McGregor, et al. matter filed an amended complaint adding claims under the U.S. federal securities laws. One putative class action complaint was filed in the Superior Court of the State of California, County of Santa Clara, captioned Jew v. Broadcom Corp., et al., Case No. 1-15-CV-281353, filed June 2, 2015. Eight putative class action complaints were filed in the Superior Court of the State of California, County of Orange, captioned: Xu v. Broadcom Corp., et al., Case No. 30-2015-00790689-CU-SL-CXC, filed June 1, 2015; Freed v. Broadcom Corp., et al., Case No. 30-2015-00790699-CU-SL-CXC, filed June 1, 2015; N.J. Building Laborers Statewide Pension Fund v. Samueli, et al., Case No. 30-2015-00791484-CU-SL-CXC, filed June 4, 2015; Yiu v. Broadcom Corp., et al., Case No. 30-2015-00791490-CU-SL-CXC, filed June 4, 2015; Yiu, et al. v. Broadcom Corp., et al., Case No. 30-2015-00791762-CU-BT-CXC, filed June 5, 2015; Yassian, et al. v. McGregor, et al., Case No. 30-2015-00793360-CU-SL-CXC, filed June 15, 2015; Seafarers' Pension Plan v. Samueli, et al., Case No. 30-2015-00794492-CU-SL-CXC, filed June 19, 2015; and Engel v. Broadcom Corp., et al., Case No. 30-2015-00797343-CU-SL-CXC, filed on July 2, 2015 (together with Jew v. Broadcom Corp., et al., the State Actions). The Federal Actions and State Actions name as defendants, among other parties, BRCM, members of BRCM's board of directors and Avago, and allege, among other things, breaches of fiduciary duties and aiding and abetting those alleged breaches. Additionally, the Federal Actions allege violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and SEC Rule 14-a9.

On August 14, 2015, the Superior Court of the State of California, County of Orange, issued an order coordinating and consolidating the State Actions, captioned Broadcom Shareholder Cases, JCCP 4834. On September 18, 2015, the U.S. Central District Court consolidated the Federal Actions under the caption In re Broadcom Corporation Stockholder Litigation, Case No. 8:15-cv-00979. On September 25, 2015, the Superior Court of the State of California, County of Orange, stayed the State Actions pending the outcome of the Federal Actions.

On October 28, 2015, BRCM supplemented its disclosures, and filed additional proxy materials with the SEC. On November 10, 2015, BRCM shareholders voted to approve the Broadcom Merger. On November 16, 2015, the U.S. Central District Court appointed lead plaintiffs and lead counsel in the Federal Actions.

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

On February 1, 2016, we completed the acquisition of BRCM.

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

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

Lawsuits Relating to the Acquisition of Emulex

On March 3, 2015, two putative shareholder class action complaints were filed in the Court of Chancery of the State of Delaware, or the Delaware Court of Chancery, against Emulex, its directors, Avago Technologies Wireless (U.S.A.) Manufacturing Inc., or AT Wireless, and Emerald Merger Sub, Inc., or Merger Sub, captioned as follows: James Tullman v. Emulex Corporation, et al., Case No. 10743-VCL (Del. Ch.); Moshe Silver ACF/Yehudit Silver U/NY/UTMA v. Emulex Corporation, et al., Case No. 10744-VCL (Del. Ch.). On March 11, 2015, a third complaint was filed in the Delaware Court of Chancery, captioned Hoai Vu v. Emulex Corporation, et al., Case No. 10776-VCL (Del. Ch.). The complaints alleged, among other things, that Emulex's directors breached their fiduciary duties by approving the Agreement and Plan of Merger, dated February 25,

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2015, by and among AT Wireless, Merger Sub and Emulex, or the Merger Agreement, and that AT Wireless and Merger Sub aided and abetted these alleged breaches of fiduciary duty. The complaints sought, among other things, either to enjoin the transaction or to rescind it following its completion, as well as damages, including attorneys' and experts' fees. The Delaware Court of Chancery has entered an order consolidating the three Delaware actions under the caption In re Emulex Corporation Stockholder Litigation, Consolidated C.A. No. 10743-VCL. On May 5, 2015, we completed our acquisition of Emulex. On June 5, 2015, the Court of Chancery dismissed the consolidated action without prejudice.

On April 8, 2015, a putative class action complaint was filed in the U.S. Central District Court, entitled Gary Varjabedian, et al. v. Emulex Corporation, et al., No. 8:15-cv-554-CJC-JCG. The complaint names as defendants Emulex, its directors, AT Wireless and Merger Sub, and purported to assert claims under Sections 14(d), 14(e) and 20(a) of the Exchange Act. The complaint alleged, among other things, that the board of directors of Emulex failed to provide material information and/or omitted material information from the Solicitation/Recommendation Statement on Schedule 14D-9 filed with the SEC on April 7, 2015 by Emulex, together with the exhibits and annexes thereto. The complaint sought to enjoin the tender offer to purchase all of the outstanding shares of Emulex common stock, as well as certain other equitable relief and attorneys' fees and costs. On July 28, 2015, the U.S. Central District Court issued an order appointing the lead plaintiff and approving lead counsel for the putative class. On September 9, 2015, plaintiff filed a first amended complaint seeking rescission of the merger, unspecified money damages, other equitable relief and attorneys' fees and costs. On October 13, 2015, defendants moved to dismiss the first amended complaint, which the U.S. Central District Court granted with prejudice on January 13, 2016. Plaintiff filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit, or the Ninth Circuit Court, on January 15, 2016. The appeal is captioned Gary Varjabedian, et al. v. Emulex Corporation, et al., No. 16-55088. On June 27, 2016, the Plaintiff-Appellant filed his opening brief, on August 17 and August 22, 2016, the Defendants-Appellees filed their answering briefs, and on October 5, 2016 Plaintiff-Appellant filed his reply brief. On December 16, 2016, the Ninth Circuit Court notified the parties that this case is being considered for the April 2017 Pasadena oral argument calendar. The exact date of any oral argument has not been determined at this time.

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

Lawsuits Relating to the Acquisition of PLX

In June and July 2014, four lawsuits were filed in the Superior Court for the State of California, County of Santa Clara, or Superior Court, challenging our acquisition of PLX. On July 22, 2014, the Superior Court consolidated these California actions under the caption In re PLX Technology, Inc. S'holder Litig., Lead Case No. 1-14-CV-267079 (Cal. Super. Ct., Santa Clara) and appointed lead counsel. That same day, the Superior Court also stayed the consolidated action, pending resolution of related actions filed in the Delaware Court of Chancery, described below.

Also in June and July 2014, five similar lawsuits were filed in the Delaware Court of Chancery. On July 21, 2014, the Delaware Court of Chancery consolidated these Delaware actions under the caption In re PLX Technology, Inc. Stockholders Litigation, Consol. C.A. No. 9880-VCL (Del. Ch.), appointed lead plaintiffs and lead counsel, and designated an operative complaint for the consolidated action. On July 31, 2014, counsel for lead plaintiffs in Delaware informed the Delaware Court of Chancery that they would not seek a preliminary injunction, but intend to seek damages and pursue monetary remedies through post-closing litigation. Our acquisition of PLX closed on August 12, 2014.

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

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

The Delaware class litigation is on-going. On November 9, 2016, the sole remaining defendant, Potomac Capital Partners II, L.P., filed cross-claims against the named individual director defendants and Deutsche Bank for contribution. Under various contracts and statutes, PLX may owe indemnification to each of these parties. The cross-claims are now barred according to

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the terms of the approved partial settlement, although Potomac Capital Partners II, L.P. might be entitled to an offset (based on contributory fault) of any damages it might owe to the class.

Other Matters

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

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

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

Other Indemnifications

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

13. Restructuring, Impairment and Disposal Charges

Restructuring Charges

In the second quarter of fiscal year 2016, we began the implementation of cost reduction activities associated with the Broadcom Merger. In connection with these activities, we currently expect to eliminate approximately 3,200 positions from our workforce across all business and functional areas on a global basis.

During the fiscal quarter ended January 29, 2017, we recognized $42 million of restructuring costs in continuing operations primarily related to employee termination costs associated with the Broadcom Merger. During the fiscal quarter ended January 31, 2016, we recognized $10 million of restructuring costs in continuing operations primarily related to employee termination costs related to the Emulex Corporation and LSI acquisitions.

The following table summarizes the significant activities within, and components of, the restructuring liabilities related to continuing and discontinued operations during the fiscal quarter ended January 29, 2017 (in millions):

	Employee Termination Costs	Leases and Other Exit Costs	Total
Balance as of October 30, 2016	$ 116	$ 35	$ 151
Restructuring charges [a]	36	10	46
Utilization	(65)	(15)	(80)

Balance as of January 29, 2017 [(b)]	$ 87	$ 30	$117

(a) Includes $4 million of restructuring expense related to discontinued operations recognized during the fiscal quarter ended January 29, 2017, which was included in loss from discontinued operations in our condensed consolidated statements of operations.

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(b) The majority of the employee termination costs balance is expected to be paid by the second quarter of fiscal year 2017. The leases and other exit costs balance is expected to be paid during the remaining terms of the leases, which extend through fiscal year 2025.

Impairment and Disposal Charges

During the fiscal quarter ended January 29, 2017, we recorded losses on disposal and asset impairments of $10 million primarily related to impairment charges in our wired infrastructure segment for an in-process research and development project which was abandoned as a result of the integration of BRCM. During the fiscal quarter ended January 31, 2016, we recorded losses on disposal and asset impairments of $22 million primarily related to the sale of certain fiber optics subsystem manufacturing and related assets.

14. Subsequent Events

Cash Dividends/Distribution Declared

On February 28, 2017, Broadcom’s Board of Directors declared an interim cash dividend of $1.02 per Broadcom ordinary share, payable on March 31, 2017 to shareholders of record at the close of business (Eastern Time) on March 20, 2017, or the Broadcom Dividend.

As a result of the Broadcom Dividend, and pursuant to the Partnership Agreement, the Partnership will pay a cash distribution in an amount equal to the aggregate amount of the Broadcom Dividend to Broadcom, as General Partner, and a $1.02 distribution per Partnership REU, payable on March 31, 2017, to Limited Partners of record at the close of business (Eastern Time) on March 20, 2017.

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

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, or Form 10-Q, and the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the fiscal year ended October 30, 2016, or fiscal year 2016, included in the Annual Report on Form 10-K for fiscal year 2016, or 2016 Annual Report on Form 10-K. Unless stated otherwise or the context otherwise requires, references to "Broadcom," "we," "our" and "us" mean Broadcom Limited and its consolidated subsidiaries, including Broadcom Cayman L.P. References to the "Partnership" mean Broadcom Cayman L.P. and its consolidated subsidiaries. Financial information and results of operations presented in this Form 10-Q for periods prior to February 1, 2016 relate to Avago Technologies Limited, our predecessor, or Avago, and relate to Broadcom and the Partnership for the period after February 1, 2016, the date of completion of our acquisition of Broadcom Corporation, or BRCM, and Avago.

This Form 10-Q may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, which are made under the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward-looking statements may include projections of financial information; statements about historical results that may suggest trends for our business; statements of the plans, strategies, and objectives of management for future operations; statements of expectation or belief regarding