MILBERG LLP
JEFF S. WESTERMAN (SBN 94559)
jwesterman@milberg.com
DAVID E. AZAR (SBN 218319)
dazar@milberg.com
300 South Grand Avenue, Suite 3900
Los Angeles, California 90071
Telephone: 213.617.1200
Facsimile: 213.617.1975

Attorneys for Plaintiff
New Jersey Carpenters Pension Fund
and the Settlement Class

[Additional counsel appear on signature page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

NEW JERSEY CARPENTERS PENSION FUND, Plaintiffs, vs. DOUGLAS W. BROYLES, MARVIN D. BURKETT, STEPHEN L. DOMENIK, DR. NORMAN GODINHO, RONALD S. JANKOV, ALAN KROCK, LEONARD C. PERHAM, BROADCOM CORPORATION, and I&N ACQUISITION CORP., Defendants.	Lead Case No. 1-11-cv-209381 **PLAINTIFFS' MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR FINAL APPROVAL OF SETTLEMENT AND AWARD OF ATTORNEYS' FEES AND EXPENSES** DATE: June 22, 2012 TIME: 9:00 a.m. DEPT.: 1 JUDGE: Hon. James P. Kleinberg Date Action Filed: September 16, 2011

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I. INTRODUCTION

This Settlement is the result of the Parties' extensive, arm's-length negotiations. On February 10, 2012, the Court preliminarily approved this Settlement and the Parties' proposed notice program. *See* Court's February 10, 2012 Order (Docket #72). The Parties complied with the notice program, and have received no objections to the Settlement to date.

This Settlement is an excellent result for the Class. The Settlement resolves litigation related to the acquisition of NetLogic Microsystems, Inc. ("NetLogic" or the "Company") by Broadcom Corporation and its wholly owned subsidiary, I&N Acquisition Corporation (collectively "Broadcom") through a definitive merger agreement for $50.00 per share of NetLogic common stock (the "Merger"). Under the terms of the January 27, 2012 Stipulation of Settlement (the "Stipulation"), NetLogic remedied disclosure defects identified by Plaintiffs and did so sufficiently in advance of the closing of the Merger in order to allow NetLogic shareholders to evaluate the information disclosed. This Settlement is fair, reasonable, and adequate, and should be approved.

In addition to seeking final approval of this Settlement, Plaintiffs' Counsel seek an award of attorneys' fees and expenses totaling $795,000, which Defendants do not oppose. The amount requested by Plaintiffs' Counsel is at or below the amount courts typically award under similar circumstances. Accordingly, Plaintiffs' Counsel respectfully request that the Court award the requested fees and expenses to compensate Plaintiffs' Counsel for their diligent and successful work in this case on behalf of the Class.

II. LITIGATION HISTORY

On September 12, 2011, NetLogic announced that it and Broadcom had entered into a definitive merger agreement under which NetLogic shareholders would receive $50.00 per share, in a merger transaction valued at approximately $3.7 billion (the "Merger"). In response to the Merger announcement, on September 16, 2011, New Jersey Carpenters Pension Fund ("Plaintiff New Jersey Carpenters Pension Fund") filed a class action complaint on behalf of NetLogic's public shareholders in the Superior Court of California, County of Santa Clara (the "Court"), captioned *New Jersey Carpenters Pension Fund v. Broyles*, No. 1:11-CV-209381 (the

"California Action"), alleging that the directors of NetLogic breached their fiduciary duties to shareholders by failing (i) to adequately consider the Merger, including whether the Merger maximizes shareholder value, and (ii) to apprise themselves of the true value of the Company. The complaint also alleged that the Broadcom Defendants aided and abetted the alleged breaches of fiduciary duties by NetLogic directors.

Subsequently, on September 20, 2011, Vincent Danielo ("Plaintiff Danielo") also filed a complaint in the Court of Chancery of the State of Delaware captioned *Danielo v. NetLogic Microsystems, et al.*, C.A. 6881-VCG (Del. Ch. Sept. 20, 2011) (the "Delaware Action," and collectively with the California Action, the "Actions"), asserting claims similar to those asserted in the California Action and seeking similar relief against the same defendants and the Company. Thereafter, on October 3, 2011, Broadcom filed an answer to the complaint in the Delaware Action.

In the aftermath of the Merger announcement, on October 5, 2011, NetLogic filed with the Securities and Exchange Commission ("SEC"), on Schedule 14A, a preliminary proxy statement (the "Preliminary Proxy") containing, among other things, the recommendation of the NetLogic board of directors that the Company's shareholders vote in favor of the Merger. In response to the 14A filing, Plaintiff New Jersey Carpenters' Pension Fund amended its complaint to add claims asserting that the Preliminary Proxy was materially false or misleading in certain respects (the "First Amended Complaint"). The First Amended Complaint alleged that the Preliminary Proxy failed to disclose material information concerning certain underlying methodologies and multiples relied upon and observed by Qatalyst Partners LP ("Qatalyst"), the Company's financial advisor, failed to disclose material information events leading up to the announcement of the Merger, and failed to disclose conflicts of interests with certain executive officers including Defendant Jankov. The First Amended Complaint was filed on October 7, 2011.

On the same day as the First Amended Complaint was filed, NetLogic and its directors filed a Notice of Motion and Motion to Stay Based on Forum Non-Conveniens in the California Action, which was set for hearing on December 23, 2011 This hearing was taken off calendar

through the stipulation of the parties and the date was continued to February 3, 2012 for "settlement related proceedings." On October 13, 2011, NetLogic and its individual directors filed an answer to the complaint in the Delaware Action.

On October 14 and 17, 2011, respectively, Plaintiff New Jersey Carpenters' Pension Fund filed an *Ex Parte* Application For Limited Expedited Discovery, and Defendants filed an *Ex Parte* Application To (1) Shorten Time For Briefing And Hearing Of Defendants' Motion To Stay And To Coordinate Hearings, and (2) Seek A Protective Order Against Any Discovery. In response to these applications, the Court denied Plaintiff New Jersey Carpenters' Pension Fund's motion, denied Defendants' *Ex Parte* request for a Protective Order Against Any Discovery, and held that discovery would proceed under the normal rules.

Meanwhile, in the Delaware Action, on October 19th, Plaintiff Danielo also filed an amended complaint that the Preliminary Proxy was materially false or misleading in certain respects. The amended complaint filed by Danielo alleged that the Proxy failed to provide sufficient disclosures regarding the nature and timing of post-employment discussions between Defendant Jankov (CEO and a board member of NetLogic) and Broadcom. The First Amended Complaint also alleged that the Preliminary Proxy failed to disclose the rationale and supporting analysis and underlying methodologies and multiples utilized by Qatalyst in forming its opinion and recommendations concerning the fairness and adequacy of the Merger. On October 19, 2011, NetLogic and its directors also filed a motion to dismiss the Delaware Action.

On October 20, 2011, NetLogic filed with the SEC on Schedule 14A a definitive proxy statement (the "Definitive Proxy") that contained, among other things, the recommendation of the NetLogic board of directors that NetLogic's shareholders vote in favor of the Merger.

In late October 2011, Plaintiff New Jersey Carpenters' Pension Fund served various discovery requests, including notices of deposition and subpoenas, on Broadcom, NetLogic, and certain of both companies' officers and directors. NetLogic's financial advisor, Qatalyst, was also served with discovery.

On October 26, 2011, Plaintiff New Jersey Carpenters' Pension Fund filed a Notice and Application For Order to Show Cause And Temporary Restraining Order (the "TRO

Application") seeking an order restraining the consummation of the Merger, which was set for hearing on November 18, 2011. (This hearing was later taken off calendar pursuant to the Order issued by the Court on November 17, 2011 to vacate pending hearing dates, pursuant to the Parties' Stipulation and Notice of Settlement.)

On November 1, 2011, the Parties in the California Action along with Qatalyst attended an Informal Discovery Conference with the California Court, at which they met and conferred and agreed on certain document production and depositions in relation to the application for the injunction, and agreed on a briefing schedule for the TRO Application. On November 1, 2011, NetLogic and its directors filed a brief in support of their motion to dismiss the Delaware Action.

On November 3, 2011, NetLogic's directors filed a demurrer to Plaintiff New Jersey Carpenters' Pension Fund's First Amended Complaint in the California Action, which was set for hearing on December 23, 2011. (This demurrer hearing was also taken off calendar pursuant to the November 17, 2011 Stipulation and Order referenced above.) On November 7, 2011, Broadcom filed a motion to dismiss the amended complaint in the Delaware Action accompanied by a supporting brief. On November 8, 2011, NetLogic's directors served papers opposing the TRO Application in the California Action and Broadcom served a joinder in opposition to the TRO Application.

Plaintiffs in the Delaware Action then served discovery requests on Broadcom, NetLogic, certain of their officers and directors, as well as Qatalyst. The Parties, by and through their respective counsel, then engaged in extensive arms'-length negotiations, commencing on October 26, 2011, relating to a possible settlement of the various claims that have been or could have been asserted in the Actions, and, in connection with these discussions, the Parties specifically negotiated the terms of any modified or supplemental disclosures to be provided by NetLogic in a supplement to the Definitive Proxy materials that it previously filed with the SEC. Following Plaintiffs' Counsel's thorough review of documents together with their financial expert, and discussions with counsel for Defendants regarding additional disclosures, the Parties and their counsel continued to engage in arm's-length negotiations concerning the terms and conditions of a potential resolution of the Actions. After extensive arm's-length negotiations, the

Parties reached an agreement in principle to settle the Actions. On November 11, 2011, the Parties entered into and executed a Memorandum of Understanding ("MOU") setting forth the key terms of the Settlement.

As a direct result of the Settlement, NetLogic agreed to and did make, clarifying and supplemental disclosures to NetLogic shareholders concerning the Merger, via a Form 8-K filed on November 14, 2011 with the SEC (the "Supplemental Disclosures"). *See* Stipulation, Exhibits A and B attached thereto. On November 22, 2011, the Company's stockholders approved the Merger in a Special Meeting of Stockholders. Pursuant to the terms of the MOU, the Parties agreed that the Defendants would provide Plaintiffs' Counsel in both Actions with confirmatory discovery, including depositions of one member of the NetLogic Board and a representative of Qatalyst to allow Plaintiffs to confirm the fairness and adequacy of the Settlement.

In January 2012, pursuant to the terms of the MOU, the Parties engaged in the confirmatory discovery specified in the MOU, with Plaintiffs deposing Ronald S. Jankov ("Mr. Jankov"), the CEO and President of NetLogic, and Jason DiLullo of Qatalyst. These depositions confirmed the fairness, reasonableness and adequacy of the Merger and the Settlement in regard to the Class. In addition, the Settlement provided that NetLogic will pay, or cause to be paid to Plaintiffs' Counsel a sum not to exceed $795,000.00 in fees and expenses subject to the approval of the Superior Court. Plaintiffs will not seek fees and expenses in excess of this amount and defendants will not oppose any request for fees up to this amount. On February 10, 2012, the Court preliminarily approved the Settlement. To date, the Parties have received no objections to the Settlement. *See* Azar Decl. ¶ 32.

III. THE SETTLEMENT

The Settlement provided shareholders with previously omitted information that was necessary for shareholders to be fully informed about the Merger before deciding whether to tender their shares to Broadcom.

A. The Enhanced Disclosures

The enhanced disclosures Plaintiffs obtained in the Settlement remedied material omissions in the Definitive Proxy materials. First, Plaintiffs caused NetLogic to disclose management projections underlying the valuation analyses provided by the Company's financial advisor, Qatalyst. Courts consider such information to be material. *See Neubauer v. Goldfarb*, 108 Cal. App. 4th 47, 63 (2003) ("[l]iability may be based on the failure to disclose income and cash flow projections and appraisals of share value.") (citing *Weinberger v. Rio Grande Indus., Inc.*, 519 A.2d 116 (Del. Ch. 1986) and *In re Anderson Clayton S'holders Litig.*, 519 A.2d 680 (Del. Ch. 1986)); *In re Netsmart Techs., Inc. S'holders Litig.*, 924 A.2d 171, 203 (Del. Ch. 2007) ("[P]rojections of this sort [management projections] are probably among the most highly-prized disclosures by investors. Investors can come up with their own estimates of discount rates or . . . market multiples. What they cannot hope to do is replicate management's inside view of the company's prospects."); *Maric Capital Master Fund, Ltd. v. Plato Learning, Inc.*, 11 A.3d 1175, 1178-1179 (Del. Ch. 2010).

Second, Plaintiffs caused NetLogic to disclose the methodologies underlying Qatalyst's analyses of the Merger, including its Illustrative Discounted Cash Flow Analysis, Selected Public Companies Analysis, and Selected Transactions Analysis. NetLogic also agreed to define the meaning of "Unlevered Free Cash Flow." This information is material because it allows shareholders to evaluate whether a financial advisor's fairness opinion is accurate and reliable. Comparing these measures to the Offer Price enables a shareholder to determine whether the Offer Price is adequate and the deal is reasonably priced. *See In re Netsmart Techs.,* 924 A.2d at 203-204 ("when a banker's endorsement of the fairness of a transaction is touted to shareholders, the valuation methods used to arrive at that opinion as well as the key inputs and range of ultimate values generated by those analyses must also be fairly disclosed"); *In re Pure Res., Inc. S'holders Litig.*, 808 A.2d 421, 449 (Del. Ch. 2002) ("The real informative value of the banker's work is not in its bottom-line conclusion, but in the valuation analysis that buttresses that result.").

Finally, Plaintiffs caused NetLogic to disclose potential conflicts created by distributions made by the Compensation Committee of NetLogic's Board to ten executive officers at NetLogic, including Mr. Jankov, the CEO. The disclosures also indicated that Broadcom was aware of these awards and concurred with the timing of the awards. This information is material because it allows shareholders to evaluate whether these potential conflicts affected the Board's analysis of the Merger. *See In re Lear Corp, S'holder Litig.,* 926 A.2d 94, 114 (Del. Ch. 2007) ("Put simply, a reasonable stockholder would want to know an important economic motivation of the negotiator singularly employed by a board to obtain the best price for the stockholders, when that motivation could rationally lead that negotiator to favor a deal at a less than optimal price.…"); *Ctny. of York Emps. Ret. Plan v. Merrill Lynch & Co.*, C.A. No. 4066-VCN, 2008 Del. Ch. LEXIS 162 (Del. Ch. Oct. 28, 2008) (Tr.) (awarding $950,000 in fees to plaintiffs' counsel for disclosure of information about the background of the merger, including the board's consideration of general economic conditions, possible conflicts of the company's directors and the board's financial advisor); *In re Atheros Commc'ns, Inc. S'holder Litig.,* C.A. No. 6124-VCN, 2011 Del. Ch. LEXIS 36 at *41 (Del. Ch. March 4, 2011) ("Because the Proxy Statement partially addresses the process by which [the CEO] negotiated his future employment with Qualcomm, the Board must provide a full and fair characterization of that process.").

IV. THE COURT SHOULD APPROVE THE SETTLEMENT

A. The Settlement Meets the Standard for Final Approval

California law strongly favors settling litigation. *See Bell v. Am. Title Ins. Co.*, 226 Cal. App. 3d 1589, 1607 (1991) (noting California's '"strong public policy in favor of settlement of class actions"') (citation omitted); *Hamilton v. Oakland Sch. Dist.*, 219 Cal. 322, 329 (1933) ("it is the policy of the law to discourage litigation and to favor compromises"). This is especially so in the context of shareholder litigation. *See 7-Eleven Owners for Fair Franchising v. Southland Corp.*, 85 Cal. App. 4th 1135, 1151 (2000) ("[a] voluntary conciliation and settlement are the preferred means of dispute resolution…especially in complex class action litigation."). California courts may rely on standards developed by the federal courts for evaluating class

action settlements. *See La Sala v. Am. Sav. & Loan Ass'n*, 5 Cal. 3d 864, 872 (1971) (trial courts should utilize the class action procedures of the federal courts).

The Court's role in approving a class action settlement is to determine whether, under the particular circumstances of the case, the settlement may be considered fair, reasonable, and adequate. *Dunk v. Ford Motor Co.,* 48 Cal. App. 4th 1794, 1801 (1996); s*ee also* MANUAL FOR COMPLEX LITIGATION § 21.632, at 320 n.976; § 13.14, at 173 (4th ed. 2004). Factors courts typically consider in making this determination include (1) the benefit obtained, (2) the risk, expense, and likely duration of further litigation, (3) the extent of discovery completed, (4) the recommendation of experienced counsel, and (5) the reaction of the class members to the proposed settlement. *See Dunk*, 48 Cal. App. 4th at 1801; *Munoz v. BCI Coca-Cola Bottling Co. of Los Angeles, Inc.*, 186 Cal. App. 4th 399, 407 (2010) (describing the "experience and views of counsel" as one of the "well-recognized factors" supporting approval of a settlement).

B. The Settlement is Fair, Reasonable, and Adequate

1. The Settlement Conferred Substantial Benefits on the Class

The Settlement conferred important benefits on the Class that could not have been obtained absent this litigation and would not otherwise have been made available. The disclosures the Settlement provide benefitted the Class by providing material information to NetLogic's shareholders about the Merger before they had to decide whether to vote for the Merger. These disclosures, which are more fully described above, include information regarding (1) the methods and assumptions underlying Qatalyst's valuation analyses; (2) the Selected Companies Analysis and Selected Transaction Analysis performed by Qatalyst in evaluating the Merger; and (3) compensation pertinent to the Merger. Courts have consistently held that disclosures such as these are material and beneficial to shareholders considering the sale of a company. *See*, *e.g.*, *Neubauer v. Goldfarb*, 108 Cal. App. 4th 47, 63 (Ct. App. 2003).

By providing NetLogic's shareholders with all material information about the Merger, the settlement substantially benefits the Class. *See In re Netsmart Techs.,* 924 A.2d at 207 (Del. Ch. 2007) (noting the Court's preference for supplemental disclosure that provide shareholders with full information in advance of the vote because such a remedy "gives stockholders the choice to

think for themselves on full information, thereby vindicating their rights as stockholders to make important voting and remedial decisions based on their own economic self-interest."); *see also In re Talley Indus. Inc. S'holders Litig.,* C.A. No. 15961, 1998 Del. Ch. LEXIS 53, at *15 (Del. Ch. Apr. 9, 1998) ("Indeed, the timely disclosure of the information in the supplement was presumably of greater value to the class than any potential award of damages based on the failure to disclose the same information, as such information is of the greatest utility when it is available in a timely manner to inform stockholders' decision making process.").

2. The Risk, Expense, and Likely Duration of Further Litigation

The benefits obtained compare favorably with the risks and expense of further litigation. The supplemental disclosures Plaintiffs obtained, especially when weighed against the risks of continued litigation, provide a significant concrete benefit to the Class.

The Settlement allowed NetLogic's shareholders to receive the consideration offered in the Merger and to make the choice to do so on a more fully-informed basis. In contrast, pursuing further litigation on the shareholders' behalf would be to pursue claims with uncertain prospects for recovery. Thus, Plaintiffs determined that the Settlement was in the Class' best interests.

As the Ninth Circuit has made clear, the very essence of a settlement agreement is compromise, "a yielding of absolutes and an abandoning of highest hopes." *Officers for Justice v. Civil Serv. Comm'n.*, 688 F.2d 615, 624 (9th Cir. 1982) (internal citation omitted). "Naturally, the agreement reached normally embodies a compromise; in exchange for the saving of cost and elimination of risk, the parties each give up something they might have won had they proceeded with [the] litigation." *Id.* Accordingly, a settlement is not to be judged against a speculative measure of what might have been achieved. *Linney v. Cellular Alaska P'ship*, 151 F.3d 1234, 1242 (9th Cir. 1998). A realistic assessment of the risks of continued litigation supports this Settlement as a fair, reasonable, and adequate resolution of this case.

3. The Significant Discovery Conducted by Plaintiffs' Counsel Supports Final Approval of the Settlement

Plaintiffs conducted significant discovery, which further supports final approval of this Settlement. Specifically, Plaintiffs (1) reviewed a significant amount of documents produced on a rolling basis, including confidential documents from NetLogic, board minutes and financial analyses prepared by Qatalyst; (2) deposed Mr. Jankov, the CEO and President of NetLogic, and Jason DiLullo of Qatalyst, and (3) evaluated this discovery with the assistance of financial experts they retained in this matter. Azar Decl. ¶¶ 26-31.

Through discovery, Plaintiffs needed to determine: (1) NetLogic's fair value; (2) how this compared with the value offered by the Merger; and (3) NetLogic's strategic alternatives. As Plaintiffs investigated these issues in consultation with their financial experts, it became clear that among these alternatives, the best outcome for the Class would be to consider the Merger on a fully informed basis, given that that it appeared to provide the most value to the Class once fuller information was disclosed.

The discovery Plaintiffs obtained confirmed that the price and process for the Merger to be fair, and confirmed the reasonableness of Plaintiffs' decision to not contest the closing of the Merger but to insist upon the supplemental disclosures. The discovery Plaintiffs obtained further supports final approval of the proposed Settlement.

4. The Recommendations of Experienced Counsel Support Final Approval of the Settlement

Courts consider the recommendations of counsel experienced in this type of litigation in determining whether to approve a settlement. *See Wershba v. Apple Computer*, 91 Cal. App. 4th 224, 245 (2001) (explaining that the consideration and "experience and views of counsel" is a factor in deciding whether to approve a settlement). Here, the Parties' counsel are all experienced in complex litigation such as the instant case. *See* Azar Decl. ¶¶ 10, 48. Plaintiffs' Counsel believes that the Settlement is fair, reasonable, adequate, and in the Class' best interest. *Id.* Plaintiffs' Counsel determined this only after conducting discovery, including reviewing a significant amount of documents in conjunction with their financial experts, researching and

analyzing the legal and factual issues involved, engaging in multiple arm's length negotiations with opposing counsel, and deposing Mr. Jankov, CEO of NetLogic, and Mr. DiLullo of Qatalyst. *Id.* ¶¶ 28, 31.

Where, as here, a settlement is the product of informed, non-collusive negotiations, significant weight should be attributed to the belief of experienced counsel that settlement is in the best interest of the class.

> [T]he court's intrusion upon what is otherwise a private consensual agreement negotiated between the parties to a lawsuit must be limited to the extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion between, the negotiating parties, and that the settlement, taken as a whole, is fair, reasonable and adequate to all concerned.

Officers for Justice, 688 F.2d at 625. *See also In re First Capital Holdings Corp. Fin. Prods. Sec. Litig.*, MDL Docket No. 901, 1992 U.S. Dist. LEXIS 14337, at *12-13 (C.D. Cal. June 10, 1992) (finding belief of counsel that the proposed settlement represented the most beneficial result for class compelling factor in approving settlement); *In re Wash. Pub. Power Supply Sys. Sec. Litig.*, 720 F. Supp. 1379, 1392 (D. Ariz. 1989), *aff'd sub nom., Class Plaintiffs v. Seattle*, 955 F.2d 1268 (9th Cir. 1992).

The opinion of experienced counsel who are fully informed on the factual and legal basis for the Settlement, and who negotiated the Settlement at arms' length, further supports final approval of the Settlement.

5. The Reaction of the Class Supports the Settlement

As courts have repeatedly explained, a positive reaction (or lack of a negative reaction) from a class further supports settlement approval. *See Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1027 (9th Cir. 1998) ("the fact that the overwhelming majority of the class willingly approved the offer and stayed in the class presents at least some objective positive commentary as to its fairness."); *In re Prudential Ins. Co. of Am. Sales Practices Litig.*, 962 F. Supp. 450, 537-38 (D.N.J. 1997), *aff'd*, 148 F.3d 283 (3d Cir. 1998) (although a numerical assessment is not dispositive, lack of negative feedback from the class supports approval of the settlement).

Here, the Parties have not received any objections to the Settlement. On March 2, 2012, the Notice detailing the Settlement, including the maximum amount of attorneys' fees Plaintiffs

expected to apply for, was mailed to all Class members, and posted on http://classaction.kccllc.net/NetLogic. The deadline for submitting objections is June 8, 2012. The reaction of the Settlement Class supports approval of the Settlement.

V. THE CLASS SHOULD BE CERTIFIED

Plaintiffs request that the Court certify the proposed Settlement Class of "any and all record holders and beneficial owners of NetLogic's common stock…at any time between and including September 12, 2011 and November 14, 2011 and including the date of consummation of the Merger…" *See* the Notice attached as Exhibit C to the Azar Decl.

Under California law, class certification is proper if (1) the class is "ascertainable," and (2) there is a "well-defined community of interest" in the questions of law and fact involved. *See Vasquez v. Superior Court*, 4 Cal. 3d 800, 809 (1971); *see also* Cal. Code Civ. Proc. § 382 (stating the class certification is proper "when the question is one of a common or general interest . . . or when the parties are so numerous, and it is impracticable to bring them all before the court"). The proposed class here meets this standard.

A. The Class Is Ascertainable

Courts determine whether a class is "ascertainable" by examining: "(1) the class definition, (2) the size of the class, and (3) the means available for identifying class members." *Reyes v. Bd. of Supervisors*, 196 Cal. App. 3d 1263, 1271 (1987). The fundamental consideration being whether the proposed class definition is "sufficient to allow a member of that group to identify himself as having a right to recover based on the description." *Harper v. 24 Hour Fitness, Inc.*, 167 Cal. App. 4th 966, 977 (2008).

The class definition proposed here is "any and all record holders and beneficial owners of NetLogic's common stock…at any time between and including September 12, 2011 and November 14, 2011 and including the date of consummation of the Merger…" Individuals can easily determine whether they are members of this Class based on when they held NetLogic stock. Thus, the proposed Class is ascertainable.

B. The Class Satisfies the "Community of Interest" Requirement

A "community of interest" exists where there are: "(1) predominant common questions of law or fact; (2) class representatives with claims or defenses typical of the class; and (3) class representatives who can adequately represent the class." *Sav-On Drug Stores, Inc. v. Superior Court*, 34 Cal. 4th 319, 326 (2004). The proposed class satisfies these requirements.

1. Common Questions of Law and Fact Predominate

Common questions of law and fact predominate if those questions are "sufficiently pervasive to permit adjudication in a class action rather than in a multiplicity of suits." *Vasquez*, 4 Cal. 3d at 810.

Common questions of law and fact here include whether:

(a) The Board breached its fiduciary duties to NetLogic shareholders in connection with the Merger;

(b) Broadcom aided and abetted any breaches of fiduciary duties committed by the Board in connection with the Merger;

(c) The Merger provided fair value to NetLogic shareholders;

(d) NetLogic provided all material information necessary for its shareholders to make an informed decision on whether to tender their shares as part of the Merger; and

(e) NetLogic shareholders were or are entitled to any relief.

These questions predominate over any individual issues. Thus, this factor supports certifying the proposed class.

2. Plaintiffs' Claims are Typical of Those of the Class

The typicality requirement is satisfied where the named parties' claims and defenses are typical of those of the proposed class. *See Johnson v. GlaxoSmithKline, Inc.*, 166 Cal. App. 4th 1497, 1509 (2008).

This requirement is satisfied here because Defendants' alleged conduct similarly affected Plaintiffs and each member of the proposed Class. Each member of the proposed Class held NetLogic stock during the same time period as Plaintiffs. Plaintiffs' allegations concern conduct

affecting all NetLogic stockholders during that time period. Thus, Plaintiffs' claims are typical of those of the proposed Class.

3. Plaintiffs Will Fairly and Adequately Represent the Class

Plaintiffs were at all relevant times NetLogic shareholders. Their claims are the same as those of the proposed Class. Plaintiffs aggressively pursued those claims through competent counsel experienced in shareholder class and derivative litigation. Plaintiffs' Counsel has successfully prosecuted numerous class and other complex actions in this jurisdiction and across the country. Plaintiffs' Counsel vigorously and skillfully prosecuted this litigation, securing a settlement that is in the Settlement Class' best interest. Thus, Plaintiffs are adequate class representatives. *See Oliver v. Boston Univ.*, C.A. No. 16570-NC, 2002 Del. Ch. LEXIS 21, at *26 (Del. Ch. Feb. 28, 2002) ("In order to meet the adequacy requirements . . . a representative plaintiff must not hold interests antagonistic to the class, retain competent and experienced counsel to act on behalf of the class and, finally, possess a basic familiarity with the facts and issues involved in the lawsuit.").

VI. PLAINTIFFS' COUNSEL'S WORK AND THE RESULTS OBTAINED ON BEHALF OF THE CLASS MERITS AN AWARD OF ATTORNEYS' FEES AND EXPENSES

A. California Law Favors Attorneys' Fees Awards as a Means to Encourage Competent Counsel to Protect Shareholders' Rights

As an initial matter, California law favors attorneys' fees awards as a means to encourage competent counsel to protect shareholders' rights. *See Vasquez,* 4 Cal. 3d at 800 (reiterating the utility of class actions for vindicating shareholders' rights); *Robbins v. Alibrandi*, 127 Cal. App. 4th 438, 451 (2005) (explaining in the context of a fee application that attorneys "are entitled to fair compensation for the work they have done"); *San Antonio Fire & Police Pension Fund v. Bradbury*, No. C.A. No. 4446-VCN, 2010 Del. Ch. LEXIS 218, at *43 (Del. Ch. Oct. 28, 2010) ("The Court is mindful that, in making its determination, the amount of the award should incentivize stockholders (and their attorneys) to file meritorious lawsuits and prosecute such lawsuits efficiently without generating any unnecessary windfall."). Thus, California law supports the fee requested here.

B. Plaintiffs' Counsel Are Entitled to Fees Under the "Substantial Benefit" Doctrine

As discussed above, the enhanced disclosures made by Defendants constitutes a substantial benefit to the Settlement Class. *Serrano v. Priest*, 20 Cal. 3d 25, 38 (1977) (attorneys' fees may be awarded for obtaining non-pecuniary benefits); s*ee also Northington v. Davis*, 23 Cal. 3d 955 (1979) (corrective action in response to the filing of a lawsuit supports a fee award under the "substantial benefit" theory); *San Antonio Fire & Police Pension Fund,* 2010 Del. Ch. LEXIS 218, at *50 ("Although the Court cannot calculate the benefit achieved as a precise number, that does not detract from the significance of the non-monetary relief produced by the Pension Fund's efforts.").

Courts evaluating fee requests under similar circumstances frequently award fees comparable to, and often far greater, than those requested here. *See, e.g.*, *In re Burnham Pac. Props. S'holder Litig.*, No GIC743017 (slip opinion) (San Diego Super. Ct. Sept. 28, 2001) (awarding $1.9 million in fees and expenses for additional disclosures); *Rogers v. Sunrise Med., Inc. et. al.*, No. GIC 756421, slip op. (San Diego Cnty. Super. Ct. Apr. 19, 2002) (awarding $1.9 million in fees and expenses for amendments to disclosure documents filed with the SEC); *In re Del Monte Foods Co. S'holders Litig.*, C.A. No. 6027–VCL, 2011 WL 2535256 (Del. Ch. June 27, 2011) (awarding $2.75 million in fees to plaintiffs' counsel in a contested interim fee application after plaintiffs forced disclosure of a financial advisor's potential conflict of interest, financial forecasts, the financial advisors' methodology, and fees paid to the financial advisor); *Virgin Is. Gov't Emps. Ret. Sys. v. Alvare*z, C.A. No. 3976-VCS (Del. Ch. Dec. 2, 2008) (Tr.) (awarding $1.25 million in fees to plaintiffs' counsel following disclosure of additional financial projections, the financial advisor's methodologies and analysis, and background of the transaction, including why the board supported the deal and created a special committee); *Globis Capital Partners, LP* v. *SafeNet, Inc.*, C.A. No. 2772-VCS (Del. Ch. Dec. 20, 2007) (Tr.) (awarding $1.2 million in fees to plaintiffs' counsel following disclosure of analysis underlying fairness opinion and board presentations prepared by the board's financial advisor); *Henckle v. Gemstar-TV Guide Inc., et al.*, C.A. No. 3419-VCN (Del. Ch. Sept. 23, 2008) (awarding $1.1

million in fees to plaintiffs' counsel for disclosure of the board's reasons for considering alternative transactions, the number of potential bidders contacted, calculations underlying financial projections, and information concerning revenue, EBITDA, and EBIT multiples); *Cnty. of York Emps. Ret. Plan v. Merrill Lynch*, C.A. No. 4066-VCN (Del. Ch. Aug. 31, 2009) (Tr.) (awarding $950,000 in fees to plaintiffs' counsel for disclosure of information about the background of the merger, including the board's consideration of general economic conditions, possible conflicts of the company's directors and the board's financial advisor); *Maric Capital Master Fund, Ltd., et al.*, C.A. No. 5402-VCS (Del. Ch. Jan. 25, 2011) (awarding $750,000 in fees to plaintiffs' counsel for disclosure of financial advisor's methodology, free cash flow estimate, and discussion regarding post-merger management compensation.); *In re Immunex Corp. S'holder Litig.*, No 01-2-35458-2-SEA, slip op. (King Cnty. Wash. Sept. 12, 2003) (awarding $2.92 million in fees and expenses for additional disclosures).

C. The Lodestar Method Supports the Requested Fee

To determine a reasonable fee under the "substantial benefit" doctrine, California courts typically use the lodestar method. *Lealao v. Beneficial Cal., Inc.*, 82 Cal. App. 4th 19, 26 (2000) ("[T]he primary method for establishing the amount of 'reasonable' attorney fees is the lodestar method."); *Robbins*, 127 Cal. App. 4th at 453 ("[A] court awarding fees under the 'substantial benefit doctrine' begins by establishing a 'lodestar' amount."). Under this method, the base "lodestar" amount is calculated by multiplying the number of hours worked by each timekeeper's hourly rate. The resulting figure may then be evaluated, and even enhanced under certain circumstances, based on factors such as: (1) the quality of the representation; (2) the novelty and complexity of the issues; and (3) the contingent risk represented. *Lealao*, 82 Cal. App. 4th at 26; *San Bernardino Valley Audubon Soc. v. San Bernardino*, 155 Cal. App. 3d 738, 755 (1984) (the multiplier should result in a fee that mirrors the marketplace for similar cases).

1. The Quality of the Representation Supports the Requested Fee

The quality of representation is a factor courts consider in determining an appropriate fee. *See, e.g., In re Equity Funding Corp.*, 438 F. Supp. 1303, 1337 (C.D. Cal. 1977) ("[P]laintiffs' attorneys in this class action have been up against established and skillful defense lawyers and

should be compensated accordingly"); *Flannery v. Cal. Highway Patrol*, 61 Cal. App. 4th 629, 644 (1998) (courts consider the "skill and experience of counsel" in determining an appropriate fee).

Here, the skill and experience of Plaintiffs' Counsel supports the requested fee. Plaintiffs' Counsel have a proven track record of success in complex litigation, including class and derivative litigation. *See* Azar Decl. ¶ 48. Additionally, Plaintiffs' Counsel litigated this case against highly-regarded and determined adversaries similarly experienced in complex litigation. *Id.* Thus, this factor further supports the requested fee.

2. The Novelty and Complexity of the Issues Supports the Requested Fee

This case involved several complex issues and required Plaintiffs' Counsel to overcome significant hurdles to reach a successful resolution. Merger-related litigation is by its nature complex. *See United Vanguard, Inc., v. TakeCare, Inc.*, 727 A.2d 844, 855 (Del. Ch. 1998) (describing the "complex legal and factual issues often encountered in litigation contesting proposed corporate transactions"). This case required Plaintiffs' Counsel to conduct discovery and motion practice in a short time frame, amend Plaintiffs' claims, retain and work with a financial expert to digest and resolve complex financial issues, and decide whether to resolve or continue this litigation in a matter of only a couple of months due to the impending shareholder vote on the Merger. *See* Azar Decl. ¶¶ 60-69. Thus, this factor further supports the requested fee.

3. Contingency Risk Supports the Requested Fee

The risk inherent in contingent fee representation such as this supports the requested fee. *See Goldberger v. Integrated Res., Inc.*, 209 F.3d 43, 54 (2d Cir. 2000) (risk is "perhaps the foremost factor" in determining the appropriate fee); *Rader v. Thrasher*, 57 Cal. 2d 244, 253 (1962) (because a contingent fee case "involves a gamble on the result, [it] may properly provide for a larger compensation than would otherwise be reasonable"); *Salton Bay Marina, Inc. v. Imperial Irrigation Dist.*, 172 Cal. App. 3d 914, 955 (1985) ("riskiness . . . or contingent nature

of the litigation is a relevant factor in determining a reasonable attorney fee award"). As the Court of Appeal explained in *Cazares v. Saenz*, 208 Cal. App. 3d 279, 288 (1989):

> In addition to compensation for the legal services rendered, there is the raison d'etre for the contingent fee: the contingency. The lawyer on a contingent fee contract receives nothing unless the plaintiff obtains a recovery. Thus, in theory, a contingent fee in a case with a 50 percent chance of success should be twice the amount of a noncontingent fee for the same case.

Plaintiffs' Counsel expended significant time and resources in this matter with no assurance of ever being compensated. Litigating this matter required Plaintiffs' Counsel to expend numerous hours working against some of the best defense firms in the country. Plaintiffs' Counsel invested over 1095 hours and advanced around $38,811.17 in expenses. Plaintiffs' Counsel's substantial outlay of personnel and financial resources has been completely at risk throughout the pendency of this litigation. Absent Plaintiffs' Counsel's efforts and investment, the benefits obtained under the Settlement would not have been achieved. Thus, the contingent nature of the representation here further supports the requested fee.

Collectively, these factors further demonstrate the reasonableness of the requested fee. Here, Plaintiffs' Counsel devoted 1095 hours to this case, incurring $585,557.50 in hourly fees and expects to incur additional hourly fees through the final approval process. *See* the Declarations of David E. Azar and David Bower in Support of Motion for Attorneys' Fees and Reimbursement of Expenses. Although Plaintiffs' Counsel's requested fee of $795,000 inclusive of expenses is above Plaintiffs' Counsel's lodestar to date, multipliers are routinely awarded in class action cases. *See Vizcaino v. Microsoft Corp.*, 290 F.3d 1043, 1051 (9th Cir. 2002) (multipliers used by federal courts typically range between 1.0 and 4.0); *Ketchum v. Moses*, 24 Cal. 4th 1122, 1128 (2001) (recognizing that multipliers between 2.0 and 4.0 are average under California law); *Wershba*, 91 Cal. App. 4th at 255 (noting that multipliers up to 4.0 and even higher are typical in class action litigation); *Cazares*, 208 Cal. App. 3d at 288 (under California law, trial court may properly award a multiplier of 2.0 or more based on contingency risk and delay alone). Thus, the lodestar method confirms the reasonableness of the requested fee.

VII. CONCLUSION

For the foregoing reasons, Plaintiffs respectfully request that the Court order final approval of the Settlement, certify the Settlement Class, and award the requested fees and expenses.

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MILBERG LLP
JEFF S. WESTERMAN
DAVID E. AZAR

/s/ David E. Azar
DAVID E. AZAR

300 South Grand, Suite 3900
Los Angeles, California 90071
Telephone: (213)617-1200
Facsimile: (213)617-1975
Email: jwesterman@milberg.com
dazar@milberg.com

Counsel for Plaintiff and the Class

Of Counsel:
MILBERG LLP
ANITA KARTALOPOULOS
BENJAMIN Y. KAUFMAN
KENT A. BRONSON
GLORIA KUI MELWANI
One Pennsylvania Plaza, 49th Floor
New York, New York 10119
Telephone: (212) 594-5300

Counsel for Plaintiff and the Class

Of Counsel:
ALBERT G. KROLL
KROLL HEINEMAN CARTON, LLC
Metro Corporate Campus I
99 Wood Avenue South, Suite 307
Iselin, NJ 08830
Telephone: (732) 491-2100

Counsel for Plaintiff and the Class