

Broadcom to acquire NetLogic for about \$3.7B

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(AP) -- Broadcom Corp. said Monday it has agreed to acquire NetLogic Microsystems Inc. for about \$3.7 billion in cash.

Broadcom designs chips that are used in products ranging from cable boxes to cell phones. It says NetLogic will extend its product line with a number of new processors.

Netlogic's chips are used in computer networking equipment such as switches, routers, wireless base stations and data storage devices. Its customers include Cisco Systems Inc. and Hewlett-Packard Co.

The purchase price works out to \$50 per share, a 57 percent premium to NetLogic's closing price of \$31.91 on Friday.

Shares of Netlogic, based in Santa Clara, Calif., climbed 51 percent, or \$16.26, to \$48.17 Monday.

Broadcom shares fell, \$1.02, or 3 percent, to \$32.42 by mid-afternoon.

The transaction has been approved by both companies' boards. It still needs regulatory clearance in the U.S., Taiwan and China, but it is expected to close in the first half of next year.

Broadcom expects the acquisition to boost earnings by about 10 cents per share next year.

Broadcom based in Irvine, Calif., also said it expects third-quarter revenue to fall in the middle of a previously announced range of \$1.9 billion to \$2.0 billion. Analysts polled by FactSet expect \$1.95 billion.

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