Marvell Technology Group Ltd.
Unaudited Consolidated Statements of Operations
(In thousands, except per share amounts)

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Net revenue	$ 857,452	$ 724,288	$ 710,492	$ 674,890	$ 616,158	$ 540,822	$ 626,404	$ 654,422
Cost of goods sold	417,131	351,153	461,719	379,254	302,610	259,210	287,608	286,063
Gross profit (loss)	440,321	373,135	248,773	295,636	313,548	281,612	338,796	368,359
Operating expenses:								
Research and development	285,497	280,114	297,321	284,308	239,703	241,271	228,562	223,519
Selling and marketing	37,235	36,174	30,841	32,481	31,301	31,379	31,094	30,576
General and administrative	34,651	41,027	36,563	34,771	37,812	35,623	37,173	29,012
Carnegie Mellon University litigation settlement	-	-	654,667	-	-	-	-	-
Amortization and write-off of acquired intangible assets	3,100	2,568	2,568	3,150	2,462	2,461	2,461	2,299
Total operating expenses	360,483	359,883	1,021,960	354,710	311,278	310,734	299,290	285,406
Operating income (loss)	79,838	13,252	(773,187)	(59,074)	2,270	(29,122)	39,506	82,953
Interest and other income, net	4,382	5,167	6,790	4,644	1,084	1,488	6,284	5,470
Income before income (loss) taxes	84,220	18,419	(766,397)	(54,430)	3,354	(27,634)	45,790	88,423
Provision (benefit) for income taxes	2,527	4,329	5,543	3,320	(846)	(4,955)	(5,515)	15,807
Net income (loss)	$ 81,693	$ 14,090	$ (771,940)	$ (57,750)	$ 4,200	$ (22,679)	$ 51,305	$ 72,616
Net income (loss) per share - basic	0.16	0.03	(1.49)	(0.11)	0.01	(0.04)	0.10	0.14
Net income (loss) per share - diluted	0.16	0.03	(1.49)	(0.11)	0.01	(0.04)	0.10	0.14
Weighted average shares — basic	513,574	516,228	516,368	504,831	506,352	508,794	511,235	511,090
Weighted average shares — diluted	522,112	527,167	516,368	504,831	508,590	508,794	514,314	522,091
The following table presents details of total share-based compensation expense included in each functional line item in the unaudited condensed consolidated statements of income above:								
Cost of goods sold	2,006	1,547	2,012	2,495	1,862	1,802	2,832	2,225
Research and development	25,590	24,781	27,808	22,573	23,630	24,396	28,581	19,998
Selling and marketing	3,069	2,577	2,707	2,608	3,214	2,942	3,315	2,958
General and administrative	7,298	4,316	4,147	3,789	3,713	(4,687)	2,468	3,082

Marvell Technology Group Ltd.
Unaudited Condensed Consolidated Balance Sheets
(In thousands)

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Assets								
Current assets:								
Cash, cash equivalents, and short-term investments	$ 2,529,555	$ 2,500,915	$ 2,337,647	$ 2,303,752	$ 2,282,749	$ 1,615,240	$ 1,624,009	$ 1,650,372
Accounts receivable, net	420,955	393,814	417,721	380,928	323,300	280,658	348,683	362,195
Inventories	308,162	339,859	327,103	279,359	210,017	196,739	202,717	198,843
Prepaid expenses and other current assets	85,368	91,151	86,106	71,450	102,560	57,139	54,870	49,731
Total current assets	3,344,040	3,325,739	3,168,577	3,035,489	2,918,626	2,149,776	2,230,279	2,261,141
Property and equipment, net	340,639	325,754	322,262	309,647	299,540	283,584	274,774	265,984
Long-term investments	10,226	10,111	10,123	10,182	11,296	8,974	8,974	8,974
Goodwill and acquired intangible assets, net	2,060,643	2,057,590	2,054,537	2,050,902	2,047,955	2,045,009	2,042,063	2,039,279
Other non-current assets	128,839	122,855	110,457	100,304	164,710	169,778	160,586	179,068
Total assets	$ 5,884,387	$ 5,842,049	$ 5,665,956	$ 5,506,524	$ 5,442,127	$ 4,657,121	$ 4,716,676	$ 4,754,446
Liabilities and Shareholders' Equity								
Current liabilities:								
Accounts payable	$ 282,899	$ 297,050	$ 289,023	$ 236,675	$ 180,372	$ 193,697	$ 212,950	$ 183,252
Accrued liabilities	286,357	258,345	287,007	285,473	253,691	236,514	219,489	256,339
Carnegie Mellon University accrued litigation settlement	-	-	733,557	734,715	736,000	-	-	-
Deferred income	68,120	61,093	59,652	58,086	55,722	54,488	72,049	63,656
Total current liabilities	637,376	616,488	1,369,239	1,314,949	1,225,785	484,699	504,488	503,247
Other non-current liabilities	100,922	94,289	82,720	80,092	76,219	72,604	53,100	70,705
Total liabilities	738,298	710,777	1,451,959	1,395,041	1,302,004	557,303	557,588	573,952
Shareholders' equity:								
Common stock	3,100,578	3,102,809	2,990,026	2,976,436	3,029,936	3,039,754	3,076,601	3,058,552
Accumulated other comprehensive income (loss)	308	80	(1,278)	(2,182)	(795)	2,222	4,015	1,553
Retained earnings	2,045,203	2,028,383	1,225,249	1,137,229	1,110,982	1,057,842	1,078,472	1,120,389
Total shareholders' equity	5,146,089	5,131,272	4,213,997	4,111,483	4,140,123	4,099,818	4,159,088	4,180,494
Total liabilities and shareholders' equity	$ 5,884,387	$ 5,842,049	$ 5,665,956	$ 5,506,524	$ 5,442,127	$ 4,657,121	$ 4,716,676	$ 4,754,446
GAAP inventory turns	5.0	4.3	5.5	5.0	4.9	5.1	5.8	5.7
GAAP days in inventory	72	84	66	73	74	71	63	64

Marvell Technology Group Ltd.
Unaudited Condensed Consolidated Statements of Cash Flows
(In thousands)

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Cash flows from operating activities:								
Net income (loss)	$ 81,693	$ 14,090	$ (771,940)	$ (57,750)	$ 4,200	$ (22,679)	$ 51,305	$ 72,616
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Depreciation and amortization	26,464	26,620	25,191	25,565	22,800	27,114	26,866	27,188
Share-based compensation	37,963	33,221	36,674	31,465	32,419	24,453	37,196	28,263
Amortization and write-off of acquired intangible assets	3,585	3,053	3,053	3,635	2,947	2,946	2,946	2,784
Other expense (income), net	(1,699)	(561)	2,282	4,205	7,885	1,361	589	(930)
Non-cash restructuring and other related charges	3,230	573	900	14,270	289	896	129	1,056
Excess tax benefits from share-based compensation	(67)	(18)	(7)	(2)	1	-	(5)	(5)
Changes in assets and liabilities:								
Accounts receivable	25,719	27,141	(23,907)	36,793	57,628	42,642	(68,025)	(13,512)
Inventories	48,247	(31,318)	12,903	39,457	69,544	13,598	(6,364)	3,710
Prepaid expenses and other assets	4,087	1,969	9,359	6,804	(35,245)	(15,693)	6,658	6,457
Accounts payable	(60,808)	17,125	(5,167)	(55,693)	(62,163)	19,922	20,437	(29,818)
Accrued liabilities and other non-current liabilities	(12,189)	(11,576)	19,634	3,958	(27,218)	(22,502)	(7,741)	6,508
Carnegie Mellon University accrued litigation settlement	-	-	733,557	1,158	1,285	(736,000)	-	-
Accrued employee compensation	1,910	(14,424)	(14,507)	14,295	(18,702)	7,152	(22,270)	25,537
Deferred income	(2,714)	(7,027)	(1,441)	(1,566)	(2,364)	(1,234)	17,561	(8,393)
Net cash provided by (used in) operating activities	155,421	58,868	26,584	66,594	53,306	(658,024)	59,282	121,461
Cash flows from investing activities:								
Purchases of available-for-sale securities	(344,023)	(392,900)	(173,465)	(356,465)	(133,215)	(93,365)	(110,358)	(140,087)
Sales and maturities of available-for-sale securities	248,215	247,495	222,295	356,409	477,301	370,059	116,506	170,472
Purchase of time deposits	-	-	-	-	-	(50,000)	(75,000)	(25,000)
Distribution from (investments in) privately-held-companies	-	-	208	(130)	(119)	-	-	274
Proceeds from sale of an investment in a privately-held company		-	-	-	-	-	-	-
Purchases of technology licenses	(1,910)	(3,606)	(2,071)	(980)	(1,579)	(4,050)	(3,995)	(394)
Purchases of property and equipment	(14,415)	(7,334)	(16,986)	(9,041)	(3,894)	(11,868)	(12,509)	(13,347)
Purchase of equipment previously leased	-	(10,240)	-	-	-	-	-	-
Net proceeds from sale of equipment held for sale	-	-	-	10,007	-	-	-	-
Net cash provided by (used in) investing activities	(112,133)	(166,585)	29,981	(200)	338,494	210,776	(85,356)	(8,082)
Cash flows from financing activities:								
Repurchase of common stock	(21,188)	(20,273)	(175,311)	(65,291)	-	-	-	(56,531)
Proceeds from employee stock plans	41,049	13,013	44,161	2,174	21,369	315	244	11,277
Minimum tax withholding paid on behalf of employees for net share settlement	(908)	(22,310)	(697)	(869)	(482)	(15,270)	(112)	(899)
Dividend payment to shareholders	(30,942)	(30,910)	(31,194)	(30,270)	(30,447)	(30,461)	(30,675)	(30,699)
Payments on technology license obligations	(4,382)	(4,067)	(4,732)	(2,617)	(1,112)	(5,294)	(4,858)	(3,696)
Excess tax benefits from share-based compensation	67	18	7	2	(1)	-	5	5
Net cash provided by (used in) financing activities	(16,304)	(64,529)	(167,766)	(96,871)	(10,673)	(50,710)	(35,396)	(80,543)
Net increase (decrease) in cash and cash equivalents	26,984	(172,246)	(111,201)	(30,477)	381,127	(497,958)	(61,470)	32,836
Cash and cash equivalents at beginning of period	1,183,993	1,210,977	1,038,731	927,530	897,053	1,278,180	780,222	718,752
Cash and cash equivalents at end of period	$ 1,210,977	$ 1,038,731	$ 927,530	$ 897,053	$ 1,278,180	$ 780,222	$ 718,752	$ 751,588

Marvell Technology Group Ltd.
Unaudited Reconciliations from GAAP to Non-GAAP
(In thousands, except per share amounts)

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
GAAP Net income (loss)	$ 81,693	$ 14,090	$ (771,940)	$ (57,750)	$ 4,200	$ (22,679)	$ 51,305	$ 72,616
(1) Cost of goods sold								
Share-based compensation	2,006	1,547	2,012	2,495	1,862	1,802	2,832	2,225
Restructuring and related charges	-	-		10,285	7	-	-	-
Amortization of acquired intangible assets	925	925	778	485	485	485	485	485
Litigation settlement	-	(1,700)	81,390	1,158	3,711	-	-	-
Other	1,000	-	-	-	-	-	-	-
(2) Research and development:								
Share-based compensation	25,590	24,781	27,808	22,573	23,630	24,396	28,581	19,998
Restructuring and other exit related	67	-	11,680	31,806	3,703	813	(329)	1,056
Litigation matters	-	-	5,000	-		-	-	-
Other	-	-	134	894	3,485	(49)	174	-
(3) Selling and marketing:								
Share-based compensation	3,069	2,577	2,707	2,608	3,214	2,942	3,315	2,958
Restructuring and other exit related	-	-	-	1,899	118	-	27	-
Litigation settlement	-	-	-	-	-	-	-	-
Other	-	-	-	39	393	304	(71)	-
(4) General and administrative:								
Share-based compensation	7,298	4,316	4,147	3,789	3,713	(4,687)	2,468	3,082
Restructuring and other exit related	3,345	592	1,320	1,565	568	3,628	1,023	108
Litigation settlement	-	-	661,727	-	80	100	(115)	-
Other	2,764	18,302	2,748	2,901	2,876	886	-	-
(5) Other operating costs and expenses:								
Amortization and write-off of acquired intangible assets	3,100	2,568	2,568	3,150	2,462	2,461	2,461	2,299
(6) Provision for income taxes:								
Other	-	3,080	7,323	1,108	-	(1,071)	-	-
Non-GAAP Net income	**$ 130,857**	**$ 71,078**	**$ 39,402**	**$ 29,005**	**$ 54,507**	**$ 9,331**	**$ 92,156**	**$ 104,827**
Non-GAAP Operating income	**$ 129,002**	**$ 67,160**	**$ 30,832**	**$ 26,573**	**$ 52,577**	**$ 3,959**	**$ 80,357**	**$ 115,164**
GAAP Weighted average shares — diluted	522,112	527,167	516,368	504,831	508,590	508,794	514,314	522,091
Non-GAAP adjustment	10,688	7,993	16,574	13,674	9,978	13,569	12,139	9,740
Non-GAAP Weighted average shares — diluted	**532,800**	**535,160**	**532,942**	**518,505**	**518,568**	**522,363**	**526,453**	**531,831**

Marvell believes that the presentation of non-GAAP financial measures provides important supplemental information to management and investors regarding financial and business trends relating to its financial condition and results of operations. Marvell uses non-GAAP financial measures as a tool to enhance its understanding of certain aspects of its financial performance, Marvell does not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. Consistent with this approach, Marvell believes that disclosing non-GAAP financial measures to the readers of its financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial measures, allows for greater transparency in the review of its financial and operational performance. Marvell has chosen to provide this information to investors to enable them to perform comparisons of operating results in a manner similar to how Marvell analyzes its operating results internally. Management also believes that these non-GAAP financial measures may be used to facilitate comparisons of Marvell's results with that of other companies in its industry.