

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

	<u>Q4'11</u>	<u>Q1'12</u>	<u>Q2'12</u>	<u>Q3'12</u>	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>
Net revenue	\$ 900,513	\$ 802,402	\$ 897,520	\$ 950,417	\$ 742,701	\$ 796,351	\$ 816,104	\$ 780,881
Cost of goods sold	371,799	334,475	378,117	412,100	341,113	366,322	381,839	374,503
Gross profit	528,714	467,927	519,403	538,317	401,588	430,029	434,265	406,378
Operating expenses:								
Research and development	231,836	242,537	249,604	266,255	255,282	255,970	264,175	263,615
Selling and marketing	40,444	38,152	40,390	40,500	40,392	40,066	41,034	38,398
General and administrative	26,706	24,784	23,631	29,021	23,184	25,705	25,718	24,514
Amortization of acquired intangible assets	14,005	14,341	11,138	11,155	12,723	14,355	13,023	13,054
Total operating expenses	312,991	319,814	324,763	346,931	331,581	336,096	343,950	339,581
Operating income	215,723	148,113	194,640	191,386	70,007	93,933	90,315	66,797
Interest and other income (expense), net	10,475	(218)	2,064	7,729	5,338	1,057	5,864	2,387
Income before income taxes	226,198	147,895	196,704	199,115	75,345	94,990	96,179	69,184
Provision (benefit) for income taxes	3,345	1,034	4,312	3,994	(5,372)	447	3,105	368
Net income	<u>\$ 222,853</u>	<u>\$ 146,861</u>	<u>\$ 192,392</u>	<u>\$ 195,121</u>	<u>\$ 80,717</u>	<u>\$ 94,543</u>	<u>\$ 93,074</u>	<u>\$ 68,816</u>
Net income per share - basic	<u>0.34</u>	<u>0.23</u>	<u>0.32</u>	<u>0.32</u>	<u>0.14</u>	<u>0.16</u>	<u>0.17</u>	<u>0.12</u>
Net income per share - diluted	<u>0.33</u>	<u>0.22</u>	<u>0.31</u>	<u>0.32</u>	<u>0.13</u>	<u>0.16</u>	<u>0.16</u>	<u>0.12</u>
Weighted average shares — basic	<u>654,650</u>	<u>638,946</u>	<u>608,511</u>	<u>600,504</u>	<u>583,466</u>	<u>580,024</u>	<u>562,362</u>	<u>553,049</u>
Weighted average shares — diluted	<u>679,445</u>	<u>657,140</u>	<u>623,132</u>	<u>613,499</u>	<u>599,300</u>	<u>594,739</u>	<u>570,325</u>	<u>559,348</u>

The following table presents details of total stock-based compensation expense included in each functional line item in the unaudited condensed consolidated statements of income above:

Cost of goods sold	1,776	1,695	1,916	1,940	1,444	2,123	1,775	1,944
Research and development	21,789	19,593	22,128	21,905	22,298	17,174	22,413	22,565
Selling and marketing	2,991	2,654	3,207	3,402	3,657	3,036	3,458	3,101
General and administrative	4,723	3,538	3,104	3,364	4,018	4,859	5,582	2,764

Marvell Technology Group Ltd.
Unaudited Condensed Consolidated Statements of Cash Flows

	<u>Q4'11</u>	<u>Q1'12</u>	<u>Q2'12</u>	<u>Q3'12</u>	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>
Cash flows from operating activities:								
Net income	\$ 222,853	\$ 146,861	\$ 192,392	\$ 195,121	\$ 80,717	\$ 94,543	\$ 93,074	\$ 68,816
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization	24,199	24,037	22,437	20,179	21,801	21,199	21,285	22,317
Stock-based compensation	31,279	27,480	30,355	30,611	31,416	27,192	33,228	30,374
Amortization of acquired intangible assets	14,005	14,341	11,138	11,155	12,723	14,355	13,023	13,054
Other (income) expense, net	(1,987)	3,854	3,291	4,266	3,779	2,903	2,272	1,260
Excess tax benefits from stock-based compensation	(230)	(3)	(11)	(85)	(65)	(41)	(3)	(5)
Changes in assets and liabilities:								
Accounts receivable	8,569	33,938	19,711	(45,351)	46,252	(10,119)	26,610	16,002
Inventories	(17,120)	(53,107)	(22,897)	12,037	(37,142)	201	7,832	21,601
Prepaid expenses and other assets	64,553	644	16,794	16,791	(6,738)	4,242	11,393	358
Accounts payable	(21,471)	(5,295)	12,294	(2,806)	(51,288)	21,249	6,288	(54,674)
Accrued liabilities and other	(56,007)	(5,450)	5,359	(17,939)	(3,583)	18,143	(4,204)	(3,653)
Accrued employee compensation	(5,755)	(14,880)	(14,387)	36,191	(19,489)	(648)	(24,033)	29,509
Deferred income	(12,055)	4,729	(13,063)	1,417	(9,285)	5,454	2,427	(8,382)
Net cash provided by operating activities	<u>250,833</u>	<u>177,149</u>	<u>263,413</u>	<u>261,587</u>	<u>69,098</u>	<u>198,673</u>	<u>189,192</u>	<u>136,577</u>
Cash flows from investing activities:								
Purchases of marketable securities	(240,817)	(677,179)	(462,705)	(443,008)	(268,804)	(421,652)	(225,255)	(558,457)
Purchases of strategic investments	-	(1,750)	(503)	(1,250)	(500)	(5,000)	(750)	-
Sales and maturities of investments	190,021	272,547	408,522	402,145	378,950	558,777	322,532	436,435
Cash paid for acquisitions, net	(8,767)	(16,330)	(430)	(2,000)	(75,156)	-	-	(1,000)
Proceeds from sales of equity investments	9,192	-	-	-	-	-	-	-
Purchases of technology licenses	(10,495)	(3,290)	(3,325)	(2,978)	(4,230)	(2,045)	(4,407)	(4,235)
Purchases of property and equipment	(26,906)	(17,018)	(25,227)	(20,085)	(26,449)	(18,904)	(10,830)	(19,356)
Net cash (used in) provided by investing activities	<u>(87,772)</u>	<u>(443,020)</u>	<u>(83,668)</u>	<u>(67,176)</u>	<u>3,811</u>	<u>111,176</u>	<u>81,290</u>	<u>(146,613)</u>
Cash flows from financing activities:								
Repurchase of common stock	(26,892)	(803,501)	(135,740)	(215,155)	(186,480)	(223,157)	(250,327)	(202,987)
Proceeds from employee stock plans	74,465	9,841	36,782	8,942	50,474	17,803	39,526	8,915
Minimum tax withholding paid on behalf of employees for net share settlement	(6,184)	(4,634)	(234)	(304)	(3,010)	(8,879)	(598)	(345)
Dividend payment to shareholder	-	-	-	-	-	-	(33,537)	(33,476)
Principal payments on capital lease obligations	(500)	(511)	-	-	-	-	-	-
Excess tax benefits from stock-based compensation	230	3	11	85	65	41	3	5
Net cash (used in) provided by financing activities	<u>41,119</u>	<u>(798,802)</u>	<u>(99,181)</u>	<u>(206,432)</u>	<u>(138,951)</u>	<u>(214,192)</u>	<u>(244,933)</u>	<u>(227,888)</u>
Net increase (decrease) in cash and cash equivalents	204,180	(1,064,673)	80,564	(12,021)	(66,042)	95,657	25,549	(237,924)
Cash and cash equivalents at beginning of period	1,642,894	1,847,074	782,401	862,965	850,944	784,902	880,559	906,108
Cash and cash equivalents at end of period	<u>\$ 1,847,074</u>	<u>\$ 782,401</u>	<u>\$ 862,965</u>	<u>\$ 850,944</u>	<u>\$ 784,902</u>	<u>\$ 880,559</u>	<u>\$ 906,108</u>	<u>\$ 668,184</u>
Unaudited Supplemental Financial Information								
GAAP net cash provided by operating activities	\$ 250,833	\$ 177,149	\$ 263,413	\$ 261,587	\$ 69,098	\$ 198,673	\$ 189,192	\$ 136,577
Purchases of technology licenses	(10,495)	(3,290)	(3,325)	(2,978)	(4,230)	(2,045)	(4,407)	(4,235)
Purchases of property and equipment	(26,906)	(17,018)	(25,227)	(20,085)	(26,449)	(18,904)	(10,830)	(19,356)
Free cash flow	<u>\$ 213,432</u>	<u>\$ 156,841</u>	<u>\$ 234,861</u>	<u>\$ 238,524</u>	<u>\$ 38,419</u>	<u>\$ 177,724</u>	<u>\$ 173,955</u>	<u>\$ 112,986</u>

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

	<u>Q4'11</u>	<u>Q1'12</u>	<u>Q2'12</u>	<u>Q3'12</u>	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>
Assets								
Current assets:								
Cash, cash equivalents, and short-term investments	\$ 2,930,030	\$ 2,267,839	\$ 2,399,787	\$ 2,424,698	\$ 2,246,498	\$ 2,202,681	\$ 2,134,193	\$ 2,016,799
Accounts receivable, net	459,406	425,468	405,757	451,108	407,263	417,382	390,772	374,770
Inventories	245,448	299,108	322,005	309,968	354,119	353,387	345,712	323,997
Prepaid expenses and other current assets	77,763	80,154	70,842	61,741	71,081	68,176	58,904	62,264
Total current assets	<u>3,712,647</u>	<u>3,072,569</u>	<u>3,198,391</u>	<u>3,247,515</u>	<u>3,078,961</u>	<u>3,041,626</u>	<u>2,929,581</u>	<u>2,777,830</u>
Property and equipment, net	358,440	354,483	363,764	373,628	383,801	382,374	381,154	376,437
Long-term investments	26,226	26,070	26,070	23,218	23,215	23,215	18,103	18,103
Goodwill and acquired intangible assets, net	2,129,464	2,130,342	2,119,649	2,112,094	2,173,496	2,159,141	2,146,118	2,134,061
Other non-current assets	111,380	109,143	120,689	110,920	108,146	112,169	109,596	119,523
Total assets	<u>\$ 6,338,157</u>	<u>\$ 5,692,607</u>	<u>\$ 5,828,563</u>	<u>\$ 5,867,375</u>	<u>\$ 5,767,619</u>	<u>\$ 5,718,525</u>	<u>\$ 5,584,552</u>	<u>\$ 5,425,954</u>
Liabilities and Shareholders' Equity								
Current liabilities:								
Accounts payable	\$ 332,007	\$ 321,687	\$ 353,992	\$ 355,404	\$ 304,695	\$ 323,392	\$ 335,100	\$ 291,366
Accrued liabilities	232,007	210,837	207,156	237,119	224,900	244,739	223,508	249,645
Deferred income	76,161	80,890	67,827	69,244	59,959	65,413	67,840	59,458
Current portion of capital lease obligations	511	-	-	-	-	-	-	-
Total current liabilities	<u>640,686</u>	<u>613,414</u>	<u>628,975</u>	<u>661,767</u>	<u>589,554</u>	<u>633,544</u>	<u>626,448</u>	<u>600,469</u>
Other long-term liabilities	175,602	175,789	173,457	166,309	164,047	162,451	154,990	149,191
Total liabilities	<u>816,288</u>	<u>789,203</u>	<u>802,432</u>	<u>828,076</u>	<u>753,601</u>	<u>795,995</u>	<u>781,438</u>	<u>749,660</u>
Shareholders' equity:								
Common stock	4,806,905	4,036,091	3,967,254	3,791,348	3,684,279	3,496,707	3,318,693	3,154,536
Accumulated other comprehensive income (loss)	1,092	6,580	5,752	(295)	776	2,317	1,378	3,375
Retained earnings	713,872	860,733	1,053,125	1,248,246	1,328,963	1,423,506	1,483,043	1,518,383
Total shareholders' equity	<u>5,521,869</u>	<u>4,903,404</u>	<u>5,026,131</u>	<u>5,039,299</u>	<u>5,014,018</u>	<u>4,922,530</u>	<u>4,803,114</u>	<u>4,676,294</u>
Total liabilities and shareholders' equity	<u>\$ 6,338,157</u>	<u>\$ 5,692,607</u>	<u>\$ 5,828,563</u>	<u>\$ 5,867,375</u>	<u>\$ 5,767,619</u>	<u>\$ 5,718,525</u>	<u>\$ 5,584,552</u>	<u>\$ 5,425,954</u>
GAAP inventory turns	6.2	4.9	4.9	5.2	4.1	4.1	4.4	4.5
GAAP days in inventory	59	74	75	70	89	88	83	81

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

	<u>Q4'11</u>	<u>Q1'12</u>	<u>Q2'12</u>	<u>Q3'12</u>	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>
GAAP Net income	\$ 222,853	\$ 146,861	\$ 192,392	\$ 195,121	\$ 80,717	\$ 94,543	\$ 93,074	\$ 68,816
(1) Cost of goods sold								
Stock-based compensation	1,776	1,695	1,916	1,940	1,444	2,123	1,775	1,944
Acquisition related costs	-	-	-	-	1,457	1,929	1,054	-
Legal/Tax related matters	4,062	-	-	-	-	-	-	-
(2) Research and development:								
Stock-based compensation	21,789	19,593	22,128	21,905	22,298	17,174	22,413	22,565
Acquisition related costs	-	-	-	-	279	442	466	458
Restructuring	280	168	139	1	420	2	42	2
Legal/Tax related matters	-	-	-	3,137	-	-	-	-
(3) Selling and marketing:								
Stock-based compensation	2,991	2,654	3,207	3,402	3,657	3,036	3,458	3,101
Acquisition related costs	-	-	-	-	41	46	50	57
Restructuring	-	-	-	-	8	(7)	7	(3)
(4) General and administrative:								
Stock-based compensation	4,723	3,538	3,104	3,364	4,018	4,859	5,582	2,764
Acquisition related costs	-	-	-	-	185	39	7	8
Restructuring	399	451	428	104	137	120	810	130
Legal/Tax related matters	-	-	-	4,322	(750)	-	250	-
(5) Other operating costs and expenses:								
Amortization of acquired intangible assets	14,005	14,341	11,138	11,155	12,723	14,355	13,023	13,054
Non-GAAP Net income	\$ 272,878	\$ 189,301	\$ 234,452	\$ 244,451	\$ 126,634	\$ 138,661	\$ 142,011	\$ 112,896
Non-GAAP Operating Income	\$ 265,748	\$ 190,553	\$ 236,700	\$ 240,716	\$ 115,924	\$ 138,051	\$ 139,252	\$ 110,877
GAAP Wighted average shares — diluted	679,445	657,140	623,132	613,499	599,300	594,739	570,325	559,348
Non-GAAP adjustment	5,760	5,808	1,645	1,558	6,397	10,814	16,302	18,452
Non-GAAP Wighted average shares — diluted	685,205	662,948	624,777	615,057	605,697	605,553	586,627	577,800

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.