

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

	<u>Q2'09</u>	<u>Q3'09</u>	<u>Q4'09</u>	<u>Q1'10</u>	<u>Q2'10</u>	<u>Q3'10</u>	<u>Q4'10</u>	<u>Q1'11</u>
			(1)	(2)	(3)	(4)		(5)
Net revenue	\$ 842,575	\$ 791,046	\$ 512,867	\$ 521,434	\$ 640,620	\$ 803,098	\$ 842,535	\$ 855,579
Operating costs and expenses:								
Cost of goods sold	405,913	379,137	252,732	257,630	288,059	341,617	339,790	343,985
Research and development	249,714	234,222	212,861	206,089	196,190	212,873	213,024	219,111
Selling and marketing	41,834	41,158	32,623	33,910	32,907	35,442	37,144	38,423
General and administrative	30,989	28,869	35,656	102,728	29,469	16,660	22,506	23,108
Amortization and write-off of acquired intangible assets	34,988	34,814	48,274	30,356	26,446	26,450	24,282	22,549
Total operating costs and expenses	<u>763,438</u>	<u>718,200</u>	<u>582,146</u>	<u>630,713</u>	<u>573,071</u>	<u>633,042</u>	<u>636,746</u>	<u>647,176</u>
Operating income (loss)	79,137	72,846	(69,279)	(109,279)	67,549	170,056	205,789	208,403
Interest and other income (expense), net	(754)	11,543	(440)	(160)	279	(1,373)	10,249	(3,752)
Income (loss) before income taxes	78,383	84,389	(69,719)	(109,439)	67,828	168,683	216,038	204,651
Provision (benefit) for income taxes	7,016	13,443	(4,709)	2,018	9,335	(32,916)	11,217	(1,116)
Net income (loss)	<u>\$ 71,367</u>	<u>\$ 70,946</u>	<u>\$ (65,010)</u>	<u>\$ (111,457)</u>	<u>\$ 58,493</u>	<u>\$ 201,599</u>	<u>\$ 204,821</u>	<u>\$ 205,767</u>
Basic net income (loss) per share	<u>\$ 0.12</u>	<u>\$ 0.12</u>	<u>\$ (0.11)</u>	<u>\$ (0.18)</u>	<u>\$ 0.09</u>	<u>\$ 0.32</u>	<u>\$ 0.32</u>	<u>\$ 0.32</u>
Diluted net income (loss) per share	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ (0.11)</u>	<u>\$ (0.18)</u>	<u>\$ 0.09</u>	<u>\$ 0.31</u>	<u>\$ 0.31</u>	<u>\$ 0.30</u>
Weighted average shares — basic	<u>606,860</u>	<u>611,945</u>	<u>614,960</u>	<u>618,677</u>	<u>620,881</u>	<u>623,613</u>	<u>631,118</u>	<u>640,926</u>
Weighted average shares — diluted	<u>637,832</u>	<u>630,810</u>	<u>614,960</u>	<u>618,677</u>	<u>648,110</u>	<u>659,739</u>	<u>668,623</u>	<u>678,059</u>

Note: Included in unaudited GAAP net income (loss) are the following items:

- (1) Marvell recorded a reversal of remaining payroll related tax liabilities totaling \$5.3 million recorded in prior years in connection with historic stock option granting practices;
- (2) General and administrative expense included a \$72.0 million expense to resolve a shareholder class action lawsuit;
- (3) Marvell recorded a reversal of a payroll tax penalty totaling \$2.6 million recorded in prior years in connection with the historical stock option granting practice. In addition, a \$1.4 million charge for interest expense was recorded in connection with the settlement of the payroll tax penalty;
- (4) Marvell recorded an income tax benefit of \$27.3 million as a result of the expiration of the statute of limitations related to a tax contingency reserve. In addition, a \$5.3 million income tax benefit was recorded relating to the true-up of a prior year deferred tax asset;
- (5) Marvell recorded an amount representing the portion of IP litigation settlement related to previous fiscal years from 2003 through 2010.

Marvell Technology Group Ltd.
Unaudited Reconciliation of Non-GAAP Adjustments
(In thousands, except per share amounts)

	<u>Q2'09</u>	<u>Q3'09</u>	<u>Q4'09</u>	<u>Q1'10</u>	<u>Q2'10</u>	<u>Q3'10</u>	<u>Q4'10</u>	<u>Q1'11</u>
Reconciliation of GAAP net (loss) income to non-GAAP net income:								
GAAP net (loss) income	\$ 71,367	\$ 70,946	\$ (65,010)	\$ (111,457)	\$ 58,493	\$ 201,599	\$ 204,821	\$ 205,767
Stock-based compensation included in:								
Cost of goods sold	3,755	1,795	3,021	4,116	1,810	2,389	2,375	2,236
Research and development	32,998	30,607	33,358	21,737	22,193	24,134	21,702	18,851
Selling and marketing	6,159	6,896	4,677	3,711	3,659	4,087	3,841	3,173
General and administrative	4,715	280	3,645	2,084	2,353	3,767	2,641	2,636
Adjustment of payroll related liabilities initially recorded in connection with historic stock option granting practices included in:								
Research and development	-	-	(3,652)	-	(1,820)	-	-	-
Selling and marketing	-	-	(1,323)	-	(659)	-	-	-
General and administrative	-	-	(317)	-	(158)	-	-	-
Interest expense	-	-	-	-	1,435	-	-	-
Litigation settlement included in general and administrative	-	-	-	72,000	-	-	-	4,373
Tax related matters	-	-	-	-	-	(32,569)	-	-
Amortization and write-off of acquired intangible assets	34,988	34,814	48,274	30,356	26,446	26,450	24,282	22,549
Restructuring	-	-	9,689	8,336	4,956	1,919	6,452	586
Other	-	-	-	990	-	-	-	-
Non-GAAP net income (see note below)	<u>\$ 153,982</u>	<u>\$ 145,338</u>	<u>\$ 32,362</u>	<u>\$ 31,873</u>	<u>\$ 118,708</u>	<u>\$ 231,776</u>	<u>\$ 266,114</u>	<u>\$ 260,171</u>
GAAP weighted average shares - diluted	637,832	630,810	614,960	618,677	648,110	659,739	668,623	678,059
Non-GAAP adjustment (b)	2,315	1,740	14,032	17,928	3,651	4,297	3,598	3,310
Non-GAAP weighted average shares - diluted	<u>640,147</u>	<u>632,550</u>	<u>628,992</u>	<u>636,605</u>	<u>651,761</u>	<u>664,036</u>	<u>672,221</u>	<u>681,369</u>
GAAP diluted net (loss) income per share	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ (0.11)</u>	<u>\$ (0.18)</u>	<u>\$ 0.09</u>	<u>\$ 0.31</u>	<u>\$ 0.31</u>	<u>\$ 0.30</u>
Non-GAAP diluted earnings per share (a)	<u>\$ 0.24</u>	<u>\$ 0.23</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.18</u>	<u>\$ 0.35</u>	<u>\$ 0.40</u>	<u>\$ 0.38</u>
GAAP gross margin	51.8%	52.1%	50.7%	50.6%	55.0%	57.5%	59.7%	59.8%
Non-GAAP gross margin	52.3%	52.3%	51.3%	51.6%	55.3%	57.8%	60.0%	60.6%
Headcount	5,453	5,541	5,552	5,308	5,079	5,145	5,241	5,354

(a) Non-GAAP net income per share is calculated by dividing non-GAAP net income by non-GAAP weighted average shares - diluted.

(b) For purposes of calculating non-GAAP net income per share, the GAAP diluted weighted average shares outstanding is adjusted to exclude the benefits of stock-based compensation costs attributable to future services and not yet recognized in the financial statements that are treated as proceeds assumed to be used to repurchase shares under the GAAP treasury stock method.

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.