

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

	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10
	(1)(2)(3)(4)	(5)			(6)	(7)	(8)	(9)
Net revenue	\$ 844,686	\$ 804,075	\$ 842,575	\$ 791,046	\$ 512,867	\$ 521,434	\$ 640,620	\$ 803,098
Operating costs and expenses:								
Cost of goods sold	438,640	388,842	405,913	379,137	252,732	257,630	288,059	341,617
Research and development	266,464	238,475	249,714	234,222	207,579	200,249	192,664	211,535
Selling and marketing	60,504	46,088	41,834	41,158	31,893	32,646	32,384	35,391
General and administrative	48,340	12,951	30,989	28,869	31,979	101,496	28,562	16,130
Amortization and write-off of acquired intangible assets	43,810	35,247	34,988	34,814	48,274	30,356	26,446	26,450
Restructuring	7,856	-	-	-	9,689	8,336	4,956	1,919
Total operating costs and expenses	<u>865,614</u>	<u>721,603</u>	<u>763,438</u>	<u>718,200</u>	<u>582,146</u>	<u>630,713</u>	<u>573,071</u>	<u>633,042</u>
Operating income (loss)	(20,928)	82,472	79,137	72,846	(69,279)	(109,279)	67,549	170,056
Interest and other income (expense), net	14,910	(4,692)	(754)	11,543	(440)	(160)	279	(1,373)
Income (loss) before income taxes	(6,018)	77,780	78,383	84,389	(69,719)	(109,439)	67,828	168,683
Provision (benefit) for income taxes	(7,311)	7,841	7,016	13,443	(4,709)	2,018	9,335	(32,916)
Net income (loss)	<u>\$ 1,293</u>	<u>\$ 69,939</u>	<u>\$ 71,367</u>	<u>\$ 70,946</u>	<u>\$ (65,010)</u>	<u>\$ (111,457)</u>	<u>\$ 58,493</u>	<u>\$ 201,599</u>
Basic net income (loss) per share	<u>\$ 0.00</u>	<u>\$ 0.12</u>	<u>\$ 0.12</u>	<u>\$ 0.12</u>	<u>\$ (0.11)</u>	<u>\$ (0.18)</u>	<u>\$ 0.09</u>	<u>\$ 0.32</u>
Diluted net income (loss) per share	<u>\$ 0.00</u>	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ (0.11)</u>	<u>\$ (0.18)</u>	<u>\$ 0.09</u>	<u>\$ 0.31</u>
Weighted average shares — basic	<u>595,512</u>	<u>601,222</u>	<u>606,860</u>	<u>611,945</u>	<u>614,960</u>	<u>618,677</u>	<u>620,881</u>	<u>623,613</u>
Weighted average shares — diluted	<u>626,699</u>	<u>624,351</u>	<u>637,832</u>	<u>630,810</u>	<u>614,960</u>	<u>618,677</u>	<u>648,110</u>	<u>659,739</u>

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

- (1) General and administrative expense included a \$16.0 million expense related to anticipated payments pursuant to a tentative settlement;
- (2) Interest and penalties of \$7.2 million associated with payroll tax on certain stock option exercises were included in the respective operating costs and expenses;
- (3) Other income of \$22.1 million was recorded associated with a one-time adjustment to the fair market value liability under the Intel supply agreement;
- (4) Income tax benefit included a benefit of \$8.3 million related to the recognition of tax net operating losses which were considered to be realizable following the planned merger of certain foreign subsidiary entities to be effected in fiscal 2009;
- (5) General and administrative expense included a \$24.5 million payment from the Company's directors and officers liability insurers in connection with pending securities litigation related to the Company's past stock option grants practices, including the tentative settlement of the shareholder derivative litigation. In addition, general and administrative expense included a \$10 million settlement with the Securities and Exchange Commission ("SEC") in connection with the SEC's investigation into the Company's past stock option practices;
- (6) 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;
- (7) General and administrative expense included a \$72.0 million expense to resolve a shareholder class action lawsuit;
- (8) Marvell recorded a reversal of 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.
- (9) 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.

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

	14 weeks Q4'08 (1)	13 weeks Q1'09	13 weeks Q2'09	13 weeks Q3'09	13 weeks Q4'09 (1) (2)	13 weeks Q1'10 (3) (4)	13 weeks Q2'10 (5)	13 weeks Q3'10 (6)
Reconciliation of GAAP net (loss) income to non-GAAP net income:								
GAAP net (loss) income	\$ 1,293	\$ 69,939	\$ 71,367	\$ 70,946	\$ (65,010)	\$ (111,457)	\$ 58,493	\$ 201,599
Stock-based compensation included in:								
Cost of goods sold	4,911	3,073	3,755	1,795	3,021	4,116	1,810	2,389
Research and development	45,627	29,932	32,998	30,607	33,358	21,737	22,193	24,134
Selling and marketing	13,925	7,348	6,159	6,896	4,677	3,711	3,659	4,087
General and administrative	5,497	4,873	4,715	280	3,645	2,084	2,353	3,767
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	-	-
Tax related matters	-	-	-	-	-	-	-	(32,569)
Amortization and write-off of acquired intangible assets	43,810	35,247	34,988	34,814	48,274	30,356	26,446	26,450
Restructuring	7,856	-	-	-	9,689	8,336	4,956	1,919
Other	-	-	-	-	-	990	-	-
Non-GAAP net income (see note below)	<u>\$ 122,919</u>	<u>\$ 150,412</u>	<u>\$ 153,982</u>	<u>\$ 145,338</u>	<u>\$ 32,362</u>	<u>\$ 31,873</u>	<u>\$ 118,708</u>	<u>\$ 231,776</u>
GAAP weighted average shares - diluted	626,699	624,351	637,832	630,810	614,960	618,677	648,110	659,739
Non-GAAP adjustment (b)	542	91	2,315	1,740	14,032	17,928	3,651	4,297
Non-GAAP weighted average shares - diluted	<u>627,241</u>	<u>624,442</u>	<u>640,147</u>	<u>632,550</u>	<u>628,992</u>	<u>636,605</u>	<u>651,761</u>	<u>664,036</u>
GAAP diluted net (loss) income per share	<u>\$ 0.00</u>	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ (0.11)</u>	<u>\$ (0.18)</u>	<u>\$ 0.09</u>	<u>\$ 0.31</u>
Non-GAAP diluted earnings per share (a)	<u>\$ 0.20</u>	<u>\$ 0.24</u>	<u>\$ 0.24</u>	<u>\$ 0.23</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.18</u>	<u>\$ 0.35</u>
GAAP gross margin	48.1%	51.6%	51.8%	52.1%	50.7%	50.6%	55.0%	57.5%
Non-GAAP gross margin	48.7%	52.0%	52.3%	52.3%	51.3%	51.6%	55.3%	57.8%
Headcount	5,331	5,320	5,453	5,541	5,552	5,308	5,079	5,145

(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 SFAS 123R 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.

Note: In addition to stock-based compensation, amortization and write-off of purchased intangibles, and restructuring related charges, the following items are excluded in unaudited non-GAAP net income:

- (1) Includes an asset impairment charge of \$7.2 million in Q4 2008 and \$15.6 million in Q4 2009;
- (2) Marvell recorded the reversal of remaining payroll related tax liabilities totaling \$5.3 million recorded in prior years in connection with historic stock option granting practices;
- (3) Other of \$1.0 million consists of underutilization charges in connection with the rampdown of Malaysia test operations;
- (4) General and administrative expense included a \$72.0 million expense to resolve a shareholder class action lawsuit;
- (5) Marvell recorded a reversal of 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.
- (6) 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 adjustment of a prior year deferred tax asset.