

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

	<u>Q1'10</u>	<u>Q2'10</u>	<u>Q3'10</u>	<u>Q4'10</u>	<u>Q1'11</u>	<u>Q2'11</u>	<u>Q3'11</u>	<u>Q4'11</u>
Net revenue	\$ 521,434	\$ 640,620	\$ 803,098	\$ 842,535	\$ 855,579	\$ 896,474	\$ 959,327	\$ 900,513
Cost of goods sold	257,630	288,059	341,617	339,790	343,985	366,682	390,808	371,799
Gross profit	263,804	352,561	461,481	502,745	511,594	529,792	568,519	528,714
Operating expenses:								
Research and development	206,089	196,190	212,873	213,024	219,111	228,211	218,420	231,836
Selling and marketing	33,910	32,908	35,442	37,144	38,423	36,863	39,751	40,444
General and administrative	102,728	29,468	16,660	22,506	23,108	25,440	29,576	26,706
Amortization and writeoff of acquired intangible assets	30,356	26,446	26,450	24,282	22,549	21,214	21,770	14,005
Restructuring	-	-	-	-	-	-	-	-
Total operating expenses	373,083	285,012	291,425	296,956	303,191	311,728	309,517	312,991
Operating income (loss)	(109,279)	67,549	170,056	205,789	208,403	218,064	259,002	215,723
Interest and other income (expense), net	(72)	1,793	(1,303)	10,309	(3,701)	4,253	(1,634)	10,496
Interest expense	(88)	(1,514)	(70)	(60)	(51)	(41)	(31)	(21)
Income (loss) before income taxes	(109,439)	67,828	168,683	216,038	204,651	222,276	257,337	226,198
Provision (benefit) for income taxes	2,018	9,335	(32,916)	11,217	(1,116)	2,499	1,605	3,345
Net income (loss)	\$ (111,457)	\$ 58,493	\$ 201,599	\$ 204,821	\$ 205,767	\$ 219,777	\$ 255,732	\$ 222,853
Net income (loss) per share - basic	(0.18)	0.09	0.32	0.32	0.32	0.34	0.39	0.34
Net income (loss) per share - diluted	(0.18)	0.09	0.31	0.31	0.30	0.33	0.38	0.33
Weighted average shares — basic	618,677	620,881	623,613	631,118	640,926	648,028	649,782	654,650
Weighted average shares — diluted	618,677	648,110	659,739	668,623	678,059	675,220	674,789	679,445

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	4,116	1810	2,389	2,375	2,236	1,692	1,818	1,776
Research and development	21,737	22193	24,134	21,702	18,851	22,089	19,795	21,789
Selling and marketing	3,711	3659	4,087	3,841	3,173	2,397	3,208	2,991
General and administrative	2,084	2353	3,767	2,641	2,636	4,511	4,720	4,723

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

	<u>Q1'10</u>	<u>Q2'10</u>	<u>Q3'10</u>	<u>Q4'10</u>	<u>Q1'11</u>	<u>Q2'11</u>	<u>Q3'11</u>	<u>Q4'11</u>
<b>Cash flows from operating activities:</b>								
Net income	\$ (111,457)	\$ 58,493	\$ 201,599	\$ 204,821	\$ 205,767	\$ 219,777	\$ 255,732	\$ 222,853
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization	25,375	25,030	24,571	24,238	23,078	22,773	23,140	24,199
Stock-based compensation	31,648	30,015	34,377	30,559	26,896	30,689	29,541	31,279
Amortization and writeoff of acquired intangible assets	30,356	26,446	26,450	24,282	22,549	21,214	21,770	14,005
Facilities impairment	-	-	-	3,986	-	1,140	-	-
(Gain) loss on investments	-	-	-	1,667	2,035	2,777	4,756	3,940
Fair market value adjustment to acquired inventory sold	(1,343)	(1,733)	(10,807)	(1,626)	(942)	(1,048)	(401)	-
Excess tax benefits from stock-based compensation	(29)	(40)	(136)	(472)	(185)	(44)	(440)	(230)
Deferred income taxes	-	5,868	263	7,225	-	(1,457)	(5,029)	10,599
(Gain) on equity investment	-	-	-	(4,938)	-	-	-	(5,927)
Changes in assets and liabilities:								
Restricted cash	-	-	24,500	-	-	-	-	-
Accounts receivable	(63,266)	(43,095)	(65,857)	37,523	(91,897)	(42,062)	22,780	8,569
Inventories	106,281	(5,694)	(17,039)	(889)	35,417	(31,501)	11,940	(17,120)
Prepaid expenses and other assets	14,330	(5,409)	(1,362)	(11,885)	10,381	(3,927)	(10,172)	53,954
Accounts payable	30,738	103,043	38,281	(30,060)	6,703	91,740	(34,508)	(21,471)
Accrued liabilities and other	64,798	9,189	(116,675)	10,420	2,362	2,071	13,515	(56,007)
Accrued employee compensation	13,033	(14,007)	36,123	(1,857)	(10,506)	4,406	33,065	(5,755)
Deferred income	4,065	(5,773)	29,246	(11,877)	23,933	2,690	2,197	(12,055)
Net cash provided by operating activities	<u>144,529</u>	<u>182,333</u>	<u>203,534</u>	<u>281,117</u>	<u>255,591</u>	<u>319,238</u>	<u>367,886</u>	<u>250,833</u>
<b>Cash flows from investing activities:</b>								
Purchases of investments	-	-	(426,998)	(379,981)	(187,878)	(522,932)	(312,890)	(240,817)
Sales and maturities of investments	-	50	10,268	108,044	149,440	198,305	330,993	190,021
Cash paid for acquisitions, net	-	-	-	-	-	(20,679)	-	(8,767)
Proceeds from sales of equity investments	-	-	-	-	-	-	-	9,192
Purchases of technology licenses	(9,300)	(3,250)	-	(3,048)	(2,250)	(4,569)	(5,830)	(10,495)
Purchases of property and equipment	(3,414)	(3,765)	(7,629)	(25,006)	(16,395)	(22,903)	(23,969)	(26,906)
Net cash used in investing activities	<u>(12,714)</u>	<u>(6,965)</u>	<u>(424,359)</u>	<u>(299,991)</u>	<u>(57,083)</u>	<u>(372,778)</u>	<u>(11,696)</u>	<u>(87,772)</u>
<b>Cash flows from financing activities:</b>								
Repurchase of common stock	-	-	-	-	-	-	(60,594)	(26,892)
Proceeds from employee stock plans	385	20,636	13,728	76,896	48,688	31,789	17,196	68,281
Principal payments on capital lease obligations	(433)	(442)	(451)	(461)	(470)	(480)	(490)	(500)
Excess tax benefits from stock-based compensation	29	40	136	472	185	44	440	230
Net cash (used in) provided by financing activities	<u>(19)</u>	<u>20,234</u>	<u>13,413</u>	<u>76,907</u>	<u>48,403</u>	<u>31,353</u>	<u>(43,448)</u>	<u>41,119</u>
Net increase (decrease) in cash and cash equivalents	131,796	195,602	(207,412)	58,033	246,911	(22,187)	312,742	204,180
Cash and cash equivalents at beginning of period	927,409	1,059,205	1,254,807	1,047,395	1,105,428	1,352,339	1,330,152	1,642,894
Cash and cash equivalents at end of period	<u>\$ 1,059,205</u>	<u>\$ 1,254,807</u>	<u>\$ 1,047,395</u>	<u>\$ 1,105,428</u>	<u>\$ 1,352,339</u>	<u>\$ 1,330,152</u>	<u>\$ 1,642,894</u>	<u>\$ 1,847,074</u>
<b>Unaudited Supplemental Financial Information</b>								
GAAP net cash provided by operating activities	\$ 144,529	\$ 182,333	\$ 203,534	\$ 281,117	\$ 255,591	\$ 319,238	\$ 367,886	\$ 250,833
Purchases of technology licenses	(9,300)	(3,250)	-	(3,048)	(2,250)	(4,569)	(5,830)	(10,495)
Purchases of property and equipment	(3,414)	(3,765)	(7,629)	(25,006)	(16,395)	(22,903)	(23,969)	(26,906)
Free cash flow	<u>\$ 131,815</u>	<u>\$ 175,318</u>	<u>\$ 195,905</u>	<u>\$ 253,063</u>	<u>\$ 236,946</u>	<u>\$ 291,766</u>	<u>\$ 338,087</u>	<u>\$ 213,432</u>

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

	<u>Q1'10</u>	<u>Q2'10</u>	<u>Q3'10</u>	<u>Q4'10</u>	<u>Q1'11</u>	<u>Q2'11</u>	<u>Q3'11</u>	<u>Q4'11</u>
<b>Assets</b>								
Current assets:								
Cash, cash equivalents, and short-term investments	\$ 1,083,705	\$ 1,279,307	\$ 1,464,187	\$ 1,796,717	\$ 2,079,203	\$ 2,379,951	\$ 2,675,273	\$ 2,930,030
Accounts receivable, net	285,367	328,462	394,319	356,796	448,693	490,755	467,975	459,406
Inventories	203,590	211,383	239,209	241,541	206,643	239,320	227,936	245,448
Prepaid expenses and other current assets	67,038	70,770	72,796	70,491	62,640	72,045	78,576	77,763
Total current assets	<u>1,639,700</u>	<u>1,889,922</u>	<u>2,170,511</u>	<u>2,465,545</u>	<u>2,797,179</u>	<u>3,182,071</u>	<u>3,449,760</u>	<u>3,712,647</u>
Property and equipment, net	371,229	352,719	349,276	342,497	340,641	343,445	347,588	358,440
Long-term investments	39,655	39,333	39,274	34,281	34,235	34,184	30,865	26,226
Goodwill and acquired intangible assets, net	2,253,854	2,227,440	2,201,016	2,176,763	2,154,244	2,153,424	2,131,666	2,129,464
Other non-current assets	136,773	132,117	127,643	151,854	154,283	154,153	161,793	111,380
Total assets	<u>\$ 4,441,211</u>	<u>\$ 4,641,531</u>	<u>\$ 4,887,720</u>	<u>\$ 5,170,940</u>	<u>\$ 5,480,582</u>	<u>\$ 5,867,277</u>	<u>\$ 6,121,672</u>	<u>\$ 6,338,157</u>
<b>Liabilities and Shareholders' Equity</b>								
Current liabilities:								
Accounts payable	\$ 166,988	\$ 268,541	\$ 317,233	\$ 283,362	\$ 296,402	\$ 391,134	\$ 352,216	\$ 332,007
Accrued liabilities	279,476	259,116	203,130	207,189	195,856	203,172	241,520	232,007
Deferred income	47,800	42,027	71,273	59,396	83,329	86,019	88,216	76,161
Current portion of capital lease obligations	1,824	1,862	1,901	1,940	1,981	1,501	1,011	511
Total current liabilities	<u>496,088</u>	<u>571,546</u>	<u>593,537</u>	<u>551,887</u>	<u>577,568</u>	<u>681,826</u>	<u>682,963</u>	<u>640,686</u>
Capital lease obligations, net of current portion	1,981	1,501	1,011	511	-	-	-	-
Other long-term liabilities	197,587	211,412	186,872	200,563	203,286	202,546	210,703	175,602
Total liabilities	<u>695,656</u>	<u>784,459</u>	<u>781,420</u>	<u>752,961</u>	<u>780,854</u>	<u>884,372</u>	<u>893,666</u>	<u>816,288</u>
Shareholders' equity:								
Common stock	1,238	1,245	1,249	1,277	1,288	1,300	1,297	1,317
Additional paid-in capital	4,402,167	4,453,177	4,501,258	4,607,844	4,683,490	4,745,787	4,732,088	4,805,588
Accumulated other comprehensive income (loss)	(2,680)	(673)	(1,129)	(885)	(560)	531	3,602	1,092
Retained earnings (accumulated deficit)	<u>(655,170)</u>	<u>(596,677)</u>	<u>(395,078)</u>	<u>(190,257)</u>	<u>15,510</u>	<u>235,287</u>	<u>491,019</u>	<u>713,872</u>
Total shareholders' equity	<u>3,745,555</u>	<u>3,857,072</u>	<u>4,106,300</u>	<u>4,417,979</u>	<u>4,699,728</u>	<u>4,982,905</u>	<u>5,228,006</u>	<u>5,521,869</u>
Total liabilities and shareholders' equity	<u>\$ 4,441,211</u>	<u>\$ 4,641,531</u>	<u>\$ 4,887,720</u>	<u>\$ 5,170,940</u>	<u>\$ 5,480,582</u>	<u>\$ 5,867,277</u>	<u>\$ 6,121,672</u>	<u>\$ 6,338,157</u>
GAAP inventory turns	4.0	5.6	6.1	5.7	6.1	6.6	6.7	6.2
GAAP days in inventory	91.2	65.6	60.0	64.4	59.3	55.3	54.4	58.6

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

	<u>Q1'10</u>	<u>Q2'10</u>	<u>Q3'10</u>	<u>Q4'10</u>	<u>Q1'11</u>	<u>Q2'11</u>	<u>Q3'11</u>	<u>Q4'11</u>
GAAP Net income (loss)	\$ (111,457)	\$ 58,493	\$ 201,599	\$ 204,821	\$ 205,767	\$ 219,777	\$ 255,732	\$ 222,853
(1) Cost of goods sold								
Stock-based compensation	4,116	1,810	2,389	2,375	2,236	1,692	1,818	1,776
Litigation settlement included in general and administrative	-	-	-	-	4,373	-	-	4,062
(2) Research and development:								
Stock-based compensation	21,737	22,193	24,134	21,702	18,851	22,089	19,795	21,789
Adjustment of payroll related liabilities initially recorded in connection with historic stock option granting practices		(1,820)						
Restructuring	5,840	3,526	1,338	4,342	129	1,370	187	280
(3) Selling and marketing:								
Stock-based compensation	3,711	3,659	4,087	3,841	3,173	2,397	3,208	2,991
Adjustment of payroll related liabilities initially recorded in connection with historic stock option granting practices	-	(659)	-	-	-	-	-	-
Restructuring	1,264	524	51	(1)	-	-	-	-
(4) General and administrative:								
Stock-based compensation	2,084	2,353	3,767	2,641	2,636	4,511	4,720	4,723
Adjustment of payroll related liabilities initially recorded in connection with historic stock option granting practices	-	(158)	-	-	-	-	-	-
Litigation settlement included in general and administrative	72,000	-	-	-	-	-	-	-
Restructuring	1,232	906	530	2,111	457	289	72	399
(5) Other operating costs and expenses:								
Amortization and writeoff of acquired intangible assets	30,356	26,446	26,450	24,282	22,549	21,214	21,770	14,005
Adjustment of payroll related liabilities initially recorded in connection with historic stock option granting practices	-	1,435	-	-	-	-	-	-
Tax related matter	-	-	(32,569)	-	-	-	-	-
Other	990	-	-	-	-	-	-	-
Non-GAAP Net income	<u>\$ 31,873</u>	<u>\$ 118,708</u>	<u>\$ 231,776</u>	<u>\$ 266,114</u>	<u>\$ 260,171</u>	<u>\$ 273,339</u>	<u>\$ 307,302</u>	<u>\$ 272,878</u>

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.