

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

	<u>Q1'14</u>	<u>Q2'14</u>	<u>Q3'14</u>	<u>Q4'14</u>	<u>Q1'15</u>	<u>Q2'15</u>	<u>Q3'15</u>	<u>Q4'15</u>
Net revenue	\$ 734,369	\$ 807,056	\$ 931,226	\$ 931,749	\$ 957,830	\$ 961,545	\$ 930,136	\$ 857,452
Cost of goods sold	335,438	386,059	464,981	477,252	493,860	477,741	454,974	417,131
Gross profit	398,931	420,997	466,245	454,497	463,970	483,804	475,162	440,321
Operating expenses:								
Research and development	279,052	292,642	296,291	288,900	295,363	294,764	288,435	285,497
Selling and marketing	39,989	38,548	37,496	36,665	38,358	33,949	34,410	37,235
General and administrative	26,323	27,192	26,589	26,367	30,573	31,333	33,473	34,651
Amortization and write-off of acquired intangible assets	10,686	10,638	10,645	11,956	6,689	3,304	3,304	3,100
Total operating expenses	356,050	369,020	371,021	363,888	370,983	363,350	359,622	360,483
Operating income	42,881	51,977	95,224	90,609	92,987	120,454	115,540	79,838
Interest and other income, net	3,160	8,253	1,536	12,617	1,925	12,263	4,764	4,382
Income before income taxes	46,041	60,230	96,760	103,226	94,912	132,717	120,304	84,220
Provision (benefit) for income taxes	(7,168)	(1,596)	(6,396)	6,097	(4,567)	(6,153)	5,000	2,527
Net income	<u>\$ 53,209</u>	<u>\$ 61,826</u>	<u>\$ 103,156</u>	<u>\$ 97,129</u>	<u>\$ 99,479</u>	<u>\$ 138,870</u>	<u>\$ 115,304</u>	<u>\$ 81,693</u>
Net income per share - basic	<u>0.11</u>	<u>0.13</u>	<u>0.21</u>	<u>0.20</u>	<u>0.20</u>	<u>0.27</u>	<u>0.22</u>	<u>0.16</u>
Net income per share - diluted	<u>0.11</u>	<u>0.12</u>	<u>0.21</u>	<u>0.19</u>	<u>0.19</u>	<u>0.27</u>	<u>0.22</u>	<u>0.16</u>
Weighted average shares — basic	<u>502,180</u>	<u>494,293</u>	<u>491,979</u>	<u>497,620</u>	<u>505,105</u>	<u>511,821</u>	<u>513,859</u>	<u>513,574</u>
Weighted average shares — diluted	<u>505,387</u>	<u>500,625</u>	<u>501,189</u>	<u>510,449</u>	<u>520,751</u>	<u>520,269</u>	<u>519,907</u>	<u>522,122</u>

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	1,867	1,868	2,531	2,597	2,299	1,733	1,934	2,006
Research and development	23,279	28,982	30,084	27,087	20,368	24,276	24,198	25,590
Selling and marketing	3,392	3,648	3,738	3,162	2,928	2,617	2,855	3,069
General and administrative	4,975	6,593	6,848	5,222	4,374	6,394	5,307	7,298

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

	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
<b>Cash flows from operating activities:</b>								
Net income	\$ 53,209	\$ 61,826	\$ 103,156	\$ 97,129	\$ 99,479	\$ 138,870	\$ 115,304	\$ 81,693
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization	24,966	25,697	25,913	26,176	27,006	26,263	26,515	26,464
Share-based compensation	33,513	41,091	43,201	38,068	29,969	35,020	34,294	37,963
Amortization and write-off of acquired intangible assets	10,686	10,638	10,645	12,037	7,174	3,789	3,789	3,585
Other expense (income), net	2,523	1,816	1,655	2,184	1,470	(7,596)	(6,034)	(1,699)
Gain from sale of a product line	-	-	-	(6,975)	-	-	-	-
Restructuring and exit-related costs	-	-	-	-	-	-	-	3,230
Excess tax benefits from share-based compensation	(7)	(25)	(10)	22	(44)	(32)	(2)	(67)
(Gain) on equity investment								
Changes in assets and liabilities:								
Restricted cash								
Accounts receivable	(40,112)	(60,524)	(35,855)	13,233	(63,578)	33,419	53,434	25,719
Inventories	(20,123)	(64,170)	(45,157)	32,262	(3,105)	(43,194)	37,506	48,247
Prepaid expenses and other assets	6,802	12,503	(4,293)	8,365	(2,161)	(24,996)	18,536	4,087
Accounts payable	28,936	54,933	44,442	(88,520)	85,128	2,558	(70,749)	(60,808)
Accrued liabilities and other non-current liabilities	(20,081)	(13,013)	12,584	10,883	(7,134)	10,096	(24,997)	(12,189)
Accrued employee compensation	4,423	(471)	10,013	(19,752)	30,001	(7,451)	19,101	1,910
Deferred income	(880)	16,195	10,905	(24,623)	30,932	(9,792)	(12,053)	(2,714)
Net cash provided by operating activities	<u>83,855</u>	<u>86,496</u>	<u>177,199</u>	<u>100,489</u>	<u>235,137</u>	<u>156,954</u>	<u>194,644</u>	<u>155,421</u>
<b>Cash flows from investing activities:</b>								
Purchases of available-for-sale securities	(306,838)	(164,631)	(220,280)	(146,143)	(181,889)	(153,881)	(448,526)	(344,023)
Sales and maturities of available-for-sale securities	335,771	162,909	346,826	149,533	182,311	190,099	205,685	248,215
Net proceeds from sale of a product line	-	-	-	6,306	-	-	-	-
Investments in privately-held-companies	-	(750)	(1,119)	-	(441)	-	(260)	-
Cash paid for acquisitions, net	(2,551)	-	-	-	-	-	-	-
Purchases of technology licenses	(5,860)	(1,750)	(6,383)	(3,654)	(8,111)	(1,298)	(5,105)	(1,910)
Purchases of property and equipment	(20,080)	(18,981)	(14,222)	(13,310)	(16,131)	(15,823)	(16,661)	(14,415)
Net cash provided by (used in) investing activities	<u>442</u>	<u>(23,203)</u>	<u>104,822</u>	<u>(7,268)</u>	<u>(24,261)</u>	<u>19,097</u>	<u>(264,867)</u>	<u>(112,133)</u>
<b>Cash flows from financing activities:</b>								
Repurchase of common stock	(216,694)	(88,114)	(71,477)	-	-	-	(43,774)	(21,188)
Proceeds from employee stock plans	19,805	53,316	24,155	107,686	19,092	49,282	2,934	41,049
Minimum tax withholding paid on behalf of employees for net share settlement	(9,378)	(510)	(518)	(466)	(24,286)	(637)	(663)	(908)
Dividend payment to shareholders	(30,253)	(29,791)	(29,516)	(29,889)	(30,172)	(30,820)	(30,867)	(30,942)
Payments on technology license obligations	(5,317)	(984)	-	(1,110)	-	(2,677)	(5,951)	(4,382)
Excess tax benefits from share-based compensation	7	25	10	(22)	44	32	2	67
Net cash provided by (used in) financing activities	<u>(241,830)</u>	<u>(66,058)</u>	<u>(77,346)</u>	<u>76,199</u>	<u>(35,322)</u>	<u>15,180</u>	<u>(78,319)</u>	<u>(16,304)</u>
Net increase (decrease) in cash and cash equivalents	(157,533)	(2,765)	204,675	169,420	175,554	191,231	(148,542)	26,984
Cash and cash equivalents at beginning of period	751,953	594,420	591,655	796,330	965,750	1,141,304	1,332,535	1,183,993
Cash and cash equivalents at end of period	<u>\$ 594,420</u>	<u>\$ 591,655</u>	<u>\$ 796,330</u>	<u>\$ 965,750</u>	<u>\$ 1,141,304</u>	<u>\$ 1,332,535</u>	<u>\$ 1,183,993</u>	<u>\$ 1,210,977</u>
<b>Unaudited Supplemental Financial Information</b>								
GAAP net cash provided by operating activities	\$ 83,855	\$ 86,496	\$ 177,199	\$ 100,489	\$ 235,137	\$ 156,954	\$ 194,644	\$ 155,421
Purchases of technology licenses	(5,860)	(1,750)	(6,383)	(3,654)	(8,111)	(1,298)	(5,105)	(1,910)
Purchases of property and equipment	(20,080)	(18,981)	(14,222)	(13,310)	(16,131)	(15,823)	(16,661)	(14,415)
Payment on technology license obligations	(5,317)	(984)	-	(1,110)	-	(2,677)	(5,951)	(4,382)
Free cash flow	<u>\$ 52,598</u>	<u>\$ 64,781</u>	<u>\$ 156,594</u>	<u>\$ 82,415</u>	<u>\$ 210,895</u>	<u>\$ 137,156</u>	<u>\$ 166,927</u>	<u>\$ 134,714</u>

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

	<u>Q1'14</u>	<u>Q2'14</u>	<u>Q3'14</u>	<u>Q4'14</u>	<u>Q1'15</u>	<u>Q2'15</u>	<u>Q3'15</u>	<u>Q4'15</u>
<b>Assets</b>								
Current assets:								
Cash, cash equivalents, and short-term investments	\$ 1,732,643	\$ 1,726,198	\$ 1,804,068	\$ 1,969,405	\$ 2,146,445	\$ 2,300,004	\$ 2,402,778	\$ 2,529,555
Accounts receivable, net	370,350	430,874	466,729	453,496	517,074	498,484	445,050	420,955
Inventories	270,652	335,320	380,412	347,861	350,649	393,957	356,417	308,162
Prepaid expenses and other current assets	79,269	66,238	66,450	68,458	72,815	96,561	82,117	85,368
Total current assets	<u>2,452,914</u>	<u>2,558,630</u>	<u>2,717,659</u>	<u>2,839,220</u>	<u>3,086,983</u>	<u>3,289,006</u>	<u>3,286,362</u>	<u>3,344,040</u>
Property and equipment, net	370,634	363,486	358,150	356,165	349,321	344,836	343,101	340,639
Long-term investments	16,550	16,299	16,158	16,279	13,456	13,422	10,077	10,226
Goodwill and acquired intangible assets, net	2,114,893	2,104,255	2,093,610	2,078,980	2,071,806	2,068,017	2,064,228	2,060,643
Other non-current assets	166,176	161,574	162,379	160,366	161,406	150,413	145,039	128,839
Total assets	<u>\$ 5,121,167</u>	<u>\$ 5,204,244</u>	<u>\$ 5,347,956</u>	<u>\$ 5,451,010</u>	<u>\$ 5,682,972</u>	<u>\$ 5,865,694</u>	<u>\$ 5,848,807</u>	<u>\$ 5,884,387</u>
<b>Liabilities and Shareholders' Equity</b>								
Current liabilities:								
Accounts payable	\$ 307,393	\$ 355,164	\$ 400,403	\$ 316,389	\$ 409,005	\$ 415,718	\$ 341,431	\$ 282,899
Accrued liabilities	246,432	242,953	270,199	273,170	288,076	293,378	293,143	286,357
Deferred income	59,270	75,465	86,370	61,747	92,679	82,887	70,834	68,120
Total current liabilities	<u>613,095</u>	<u>673,582</u>	<u>756,972</u>	<u>651,306</u>	<u>789,760</u>	<u>791,983</u>	<u>705,408</u>	<u>637,376</u>
Other non-current liabilities	155,631	138,152	127,765	123,794	123,725	112,177	109,489	100,922
Total liabilities	<u>768,726</u>	<u>811,734</u>	<u>884,737</u>	<u>775,100</u>	<u>913,485</u>	<u>904,160</u>	<u>814,897</u>	<u>738,298</u>
Shareholders' equity:								
Common stock	2,790,522	2,802,304	2,797,744	2,942,655	2,967,113	3,050,892	3,042,422	3,100,578
Accumulated other comprehensive income (loss)	2,176	(1,572)	57	597	409	627	(2,964)	308
Retained earnings	1,559,743	1,591,778	1,665,418	1,732,658	1,801,965	1,910,015	1,994,452	2,045,203
Total shareholders' equity	<u>4,352,441</u>	<u>4,392,510</u>	<u>4,463,219</u>	<u>4,675,910</u>	<u>4,769,487</u>	<u>4,961,534</u>	<u>5,033,910</u>	<u>5,146,089</u>
Total liabilities and shareholders' equity	<u>\$ 5,121,167</u>	<u>\$ 5,204,244</u>	<u>\$ 5,347,956</u>	<u>\$ 5,451,010</u>	<u>\$ 5,682,972</u>	<u>\$ 5,865,694</u>	<u>\$ 5,848,807</u>	<u>\$ 5,884,387</u>
GAAP inventory turns	5.1	5.1	5.2	5.2	5.7	5.1	4.9	5.0
GAAP days in inventory	71	71	70	69	64	71	75	72

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

	<u>Q1'14</u>	<u>Q2'14</u>	<u>Q3'14</u>	<u>Q4'14</u>	<u>Q1'15</u>	<u>Q2'15</u>	<u>Q3'15</u>	<u>Q4'15</u>
GAAP Net income	\$ 53,209	\$ 61,826	\$ 103,156	\$ 97,129	\$ 99,479	\$ 138,870	\$ 115,304	\$ 81,693
(1) Cost of goods sold								
Share-based compensation	1,867	1,868	2,531	2,597	2,299	1,733	1,934	2,006
Amortization of acquired intangible assets	-	-	-	228	925	925	925	925
Litigation settlement	-	4,728	-	9,500	-	-	(3,998)	-
Other	-	-	-	-	-	-	-	1,000
(2) Research and development:								
Share-based compensation	23,279	28,982	30,084	27,087	20,368	24,276	24,198	25,590
Acquisition related costs	400	(1,135)	414	116	-	-	-	-
Restructuring and other exit related	-	-	4,613	829	4,682	412	88	67
Tax-related matter	-	-	-	-	-	-	-	-
(3) Selling and marketing:								
Share-based compensation	3,392	3,648	3,738	3,162	2,928	2,617	2,855	3,069
Acquisition related costs	45	34	-	-	-	-	-	-
Restructuring and other exit related	-	-	795	-	48	(48)	-	-
Litigation settlement	-	-	-	-	-	-	1,600	-
(4) General and administrative:								
Share-based compensation	4,975	6,593	6,848	5,222	4,374	6,394	5,307	7,298
Acquisition related costs	20	20	19	5	-	-	-	-
Restructuring and other exit related	228	178	527	118	358	371	1,115	3,345
Litigation settlement	-	500	-	-	2,000	475	-	-
Other	-	-	-	-	-	2,155	2,318	2,764
(5) Other operating costs and expenses:								
Amortization and write-off of acquired intangible assets	10,686	10,638	10,645	11,956	6,689	3,304	3,304	3,100
(6) Gain from sale of a product line:	-	-	-	(6,975)	-	-	-	-
<b>Non-GAAP Net income</b>	<b>\$ 98,101</b>	<b>\$ 117,880</b>	<b>\$ 163,370</b>	<b>\$ 150,974</b>	<b>\$ 144,150</b>	<b>\$ 181,484</b>	<b>\$ 154,950</b>	<b>\$ 130,857</b>
<b>Non-GAAP Operating income</b>	<b>\$ 87,773</b>	<b>\$ 108,031</b>	<b>\$ 155,438</b>	<b>\$ 151,429</b>	<b>\$ 137,658</b>	<b>\$ 163,068</b>	<b>\$ 155,186</b>	<b>\$ 129,002</b>
GAAP Weighted average shares — diluted	505,387	500,625	501,189	510,449	520,751	520,269	519,907	522,122
Non-GAAP adjustment	17,094	15,021	13,014	12,932	9,625	13,201	12,905	10,678
<b>Non-GAAP Weighted average shares — diluted</b>	<b>522,481</b>	<b>515,646</b>	<b>514,203</b>	<b>523,381</b>	<b>530,376</b>	<b>533,470</b>	<b>532,812</b>	<b>532,800</b>

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