

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

|   | <u>Q1'11</u>      | <u>Q2'11</u>      | <u>Q3'11</u>      | <u>Q4'11</u>      | <u>Q1'12</u>      | <u>Q2'12</u>      | <u>Q3'12</u>      | <u>Q4'12</u>     |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Net revenue   | \$ 855,579        | \$ 896,474        | \$ 959,327        | \$ 900,513        | \$ 802,402        | \$ 897,520        | \$ 950,417        | \$ 742,701       |
| Cost of goods sold                                      | 343,985           | 366,682           | 390,808           | 371,799           | 334,475           | 378,117           | 412,100           | 341,113          |
| Gross profit  | 511,594           | 529,792           | 568,519           | 528,714           | 467,927           | 519,403           | 538,317           | 401,588          |
| Operating expenses:                                     |                   |                   |                   |                   |                   |                   |                   |                  |
| Research and development                                | 219,111           | 228,211           | 218,420           | 231,836           | 242,537           | 249,604           | 266,255           | 255,282          |
| Selling and marketing                                   | 38,423            | 36,863            | 39,751            | 40,444            | 38,152            | 40,390            | 40,500            | 40,392           |
| General and administrative                              | 23,108            | 25,440            | 29,576            | 26,706            | 24,784            | 23,631            | 29,021            | 23,184           |
| Amortization and writeoff of acquired intangible assets | 22,549            | 21,214            | 21,770            | 14,005            | 14,341            | 11,138            | 11,155            | 12,723           |
| Total operating expenses                                | 303,191           | 311,728           | 309,517           | 312,991           | 319,814           | 324,763           | 346,931           | 331,581          |
| Operating income  | 208,403           | 218,064           | 259,002           | 215,723           | 148,113           | 194,640           | 191,386           | 70,007           |
| Interest and other income (expense), net                | (3,701)           | 4,253             | (1,634)           | 10,496            | (207)             | 2,064             | 7,729             | 5,338            |
| Interest expense  | (51)              | (41)              | (31)              | (21)              | (11)              | -                 | -                 | -                |
| Income before income taxes                              | 204,651           | 222,276           | 257,337           | 226,198           | 147,895           | 196,704           | 199,115           | 75,345           |
| Provision (benefit) for income taxes                    | (1,116)           | 2,499             | 1,605             | 3,345             | 1,034             | 4,312             | 3,994             | (5,372)          |
| Net income  | <u>\$ 205,767</u> | <u>\$ 219,777</u> | <u>\$ 255,732</u> | <u>\$ 222,853</u> | <u>\$ 146,861</u> | <u>\$ 192,392</u> | <u>\$ 195,121</u> | <u>\$ 80,717</u> |
| Net income per share - basic                            | <u>0.32</u>       | <u>0.34</u>       | <u>0.39</u>       | <u>0.34</u>       | <u>0.23</u>       | <u>0.32</u>       | <u>0.32</u>       | <u>0.14</u>      |
| Net income per share - diluted                          | <u>0.30</u>       | <u>0.33</u>       | <u>0.38</u>       | <u>0.33</u>       | <u>0.22</u>       | <u>0.31</u>       | <u>0.32</u>       | <u>0.13</u>      |
| Weighted average shares — basic                         | <u>640,926</u>    | <u>648,028</u>    | <u>649,782</u>    | <u>654,650</u>    | <u>638,946</u>    | <u>608,511</u>    | <u>600,504</u>    | <u>583,466</u>   |
| Weighted average shares — diluted                       | <u>678,059</u>    | <u>675,220</u>    | <u>674,789</u>    | <u>679,445</u>    | <u>657,140</u>    | <u>623,132</u>    | <u>613,499</u>    | <u>599,300</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         | 2,236  | 1,692  | 1,818  | 1,776  | 1,695  | 1,916  | 1,940  | 1,444  |
| Research and development   | 18,851 | 22,089 | 19,795 | 21,789 | 19,593 | 22,128 | 21,905 | 22,298 |
| Selling and marketing      | 3,173  | 2,397  | 3,208  | 2,991  | 2,654  | 3,207  | 3,402  | 3,657  |
| General and administrative | 2,636  | 4,511  | 4,720  | 4,723  | 3,538  | 3,104  | 3,364  | 4,018  |

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

|   | <u>Q1'11</u>        | <u>Q2'11</u>        | <u>Q3'11</u>        | <u>Q4'11</u>        | <u>Q1'12</u>      | <u>Q2'12</u>      | <u>Q3'12</u>      | <u>Q4'12</u>      |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Cash flows from operating activities:</b>                                      |                     |                     |                     |                     |                   |                   |                   |                   |
| Net income  | \$ 205,767          | \$ 219,777          | \$ 255,732          | \$ 222,853          | \$ 146,861        | \$ 192,392        | \$ 195,121        | \$ 80,717         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                     |                     |                     |                     |                   |                   |                   |                   |
| Depreciation and amortization   | 23,078              | 22,773              | 23,140              | 24,199              | 24,037            | 22,437            | 20,179            | 21,801            |
| Stock-based compensation  | 26,896              | 30,689              | 29,541              | 31,279              | 27,480            | 30,355            | 30,611            | 31,416            |
| Amortization and writeoff of acquired intangible assets                           | 22,549              | 21,214              | 21,770              | 14,005              | 14,341            | 11,138            | 11,155            | 12,723            |
| Facilities impairment   | -                   | 1,140               | -                   | -                   | -                 | -                 | -                 | -                 |
| Other (income) expense, net   | 2,035               | 2,777               | 4,756               | (1,987)             | 3,854             | 3,291             | 4,266             | 3,779             |
| Excess tax benefits from stock-based compensation                                 | (185)               | (44)                | (440)               | (230)               | (3)               | (11)              | (85)              | (65)              |
| Changes in assets and liabilities:  |                     |                     |                     |                     |                   |                   |                   |                   |
| Accounts receivable   | (91,897)            | (42,062)            | 22,780              | 8,569               | 33,938            | 19,711            | (45,351)          | 46,252            |
| Inventories   | 34,475              | (32,549)            | 11,539              | (17,120)            | (53,107)          | (22,897)          | 12,037            | (37,142)          |
| Prepaid expenses and other assets   | 10,381              | (5,384)             | (15,201)            | 64,553              | 644               | 16,794            | 16,791            | (6,738)           |
| Accounts payable  | 6,703               | 91,740              | (34,508)            | (21,471)            | (5,295)           | 12,294            | (2,806)           | (51,288)          |
| Accrued liabilities and other   | 2,362               | 2,071               | 13,515              | (56,007)            | (5,450)           | 5,359             | (17,939)          | (3,583)           |
| Accrued employee compensation   | (10,506)            | 4,406               | 33,065              | (5,755)             | (14,880)          | (14,387)          | 36,191            | (19,489)          |
| Deferred income   | 23,933              | 2,690               | 2,197               | (12,055)            | 4,729             | (13,063)          | 1,417             | (9,285)           |
| Net cash provided by operating activities   | <u>255,591</u>      | <u>319,238</u>      | <u>367,886</u>      | <u>250,833</u>      | <u>177,149</u>    | <u>263,413</u>    | <u>261,587</u>    | <u>69,098</u>     |
| <b>Cash flows from investing activities:</b>                                      |                     |                     |                     |                     |                   |                   |                   |                   |
| Purchases of marketable securities  | (186,878)           | (522,182)           | (312,890)           | (240,817)           | (677,179)         | (462,705)         | (443,008)         | (268,804)         |
| Purchases of strategic investments  | (1,000)             | (750)               | -                   | -                   | (1,750)           | (503)             | (1,250)           | (500)             |
| Sales and maturities of investments   | 149,440             | 198,305             | 330,993             | 190,021             | 272,547           | 408,522           | 402,145           | 378,950           |
| Cash paid for acquisitions, net   | -                   | (20,679)            | -                   | (8,767)             | (16,330)          | (430)             | (2,000)           | (75,156)          |
| Proceeds from sales of equity investments   | -                   | -                   | -                   | 9,192               | -                 | -                 | -                 | -                 |
| Purchases of technology licenses  | (2,250)             | (4,569)             | (5,830)             | (10,495)            | (3,290)           | (3,325)           | (2,978)           | (4,230)           |
| Purchases of property and equipment   | (16,395)            | (22,903)            | (23,969)            | (26,906)            | (17,018)          | (25,227)          | (20,085)          | (26,449)          |
| Net cash (used in) provided by investing activities                               | <u>(57,083)</u>     | <u>(372,778)</u>    | <u>(11,696)</u>     | <u>(87,772)</u>     | <u>(443,020)</u>  | <u>(83,668)</u>   | <u>(67,176)</u>   | <u>3,811</u>      |
| <b>Cash flows from financing activities:</b>                                      |                     |                     |                     |                     |                   |                   |                   |                   |
| Repurchase of common stock  | -                   | -                   | (60,594)            | (26,892)            | (803,501)         | (135,740)         | (215,155)         | (186,480)         |
| Proceeds from employee stock plans  | 48,688              | 31,789              | 17,196              | 68,281              | 5,207             | 36,548            | 8,638             | 47,464            |
| Principal payments on capital lease obligations                                   | (470)               | (480)               | (490)               | (500)               | (511)             | -                 | -                 | -                 |
| Excess tax benefits from stock-based compensation                                 | 185                 | 44                  | 440                 | 230                 | 3                 | 11                | 85                | 65                |
| Net cash (used in) provided by financing activities                               | <u>48,403</u>       | <u>31,353</u>       | <u>(43,448)</u>     | <u>41,119</u>       | <u>(798,802)</u>  | <u>(99,181)</u>   | <u>(206,432)</u>  | <u>(138,951)</u>  |
| Net increase (decrease) in cash and cash equivalents                              | 246,911             | (22,187)            | 312,742             | 204,180             | (1,064,673)       | 80,564            | (12,021)          | (66,042)          |
| Cash and cash equivalents at beginning of period                                  | 1,105,428           | 1,352,339           | 1,330,152           | 1,642,894           | 1,847,074         | 782,401           | 862,965           | 850,944           |
| Cash and cash equivalents at end of period  | <u>\$ 1,352,339</u> | <u>\$ 1,330,152</u> | <u>\$ 1,642,894</u> | <u>\$ 1,847,074</u> | <u>\$ 782,401</u> | <u>\$ 862,965</u> | <u>\$ 850,944</u> | <u>\$ 784,902</u> |
| <b>Unaudited Supplemental Financial Information</b>                               |                     |                     |                     |                     |                   |                   |                   |                   |
| GAAP net cash provided by operating activities                                    | \$ 255,591          | \$ 319,238          | \$ 367,886          | \$ 250,833          | \$ 177,149        | \$ 263,413        | \$ 261,587        | \$ 69,098         |
| Purchases of technology licenses  | (2,250)             | (4,569)             | (5,830)             | (10,495)            | (3,290)           | (3,325)           | (2,978)           | (4,230)           |
| Purchases of property and equipment   | (16,395)            | (22,903)            | (23,969)            | (26,906)            | (17,018)          | (25,227)          | (20,085)          | (26,449)          |
| Free cash flow  | <u>\$ 236,946</u>   | <u>\$ 291,766</u>   | <u>\$ 338,087</u>   | <u>\$ 213,432</u>   | <u>\$ 156,841</u> | <u>\$ 234,861</u> | <u>\$ 238,524</u> | <u>\$ 38,419</u>  |

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

|  | <u>Q1'11</u>        | <u>Q2'11</u>        | <u>Q3'11</u>        | <u>Q4'11</u>        | <u>Q1'12</u>        | <u>Q2'12</u>        | <u>Q3'12</u>        | <u>Q4'12</u>        |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>                                      |                     |                     |                     |                     |                     |                     |                     |                     |
| Current assets:                                    |                     |                     |                     |                     |                     |                     |                     |                     |
| Cash, cash equivalents, and short-term investments | \$ 2,079,203        | \$ 2,379,951        | \$ 2,675,273        | \$ 2,930,030        | \$ 2,267,839        | \$ 2,399,787        | \$ 2,424,698        | \$ 2,246,498        |
| Accounts receivable, net                           | 448,693             | 490,755             | 467,975             | 459,406             | 425,468             | 405,757             | 451,108             | 407,263             |
| Inventories  | 206,643             | 239,320             | 227,936             | 245,448             | 299,108             | 322,005             | 309,968             | 354,119             |
| Prepaid expenses and other current assets          | 62,640              | 72,045              | 78,576              | 77,763              | 80,154              | 70,842              | 61,741              | 71,081              |
| Total current assets                               | <u>2,797,179</u>    | <u>3,182,071</u>    | <u>3,449,760</u>    | <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>    |
| Property and equipment, net                        | 340,641             | 343,445             | 347,588             | 358,440             | 354,483             | 363,764             | 373,628             | 383,801             |
| Long-term investments                              | 34,235              | 34,184              | 30,865              | 26,226              | 26,070              | 26,070              | 23,218              | 23,215              |
| Goodwill and acquired intangible assets, net       | 2,154,244           | 2,153,424           | 2,131,666           | 2,129,464           | 2,130,342           | 2,119,649           | 2,112,094           | 2,173,496           |
| Other non-current assets                           | 154,283             | 154,153             | 161,793             | 111,380             | 109,143             | 120,689             | 110,920             | 108,146             |
| Total assets                                       | <u>\$ 5,480,582</u> | <u>\$ 5,867,277</u> | <u>\$ 6,121,672</u> | <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> |
| <b>Liabilities and Shareholders' Equity</b>        |                     |                     |                     |                     |                     |                     |                     |                     |
| Current liabilities:                               |                     |                     |                     |                     |                     |                     |                     |                     |
| Accounts payable                                   | \$ 296,402          | \$ 391,134          | \$ 352,216          | \$ 332,007          | \$ 321,687          | \$ 353,992          | \$ 355,404          | \$ 304,695          |
| Accrued liabilities                                | 195,856             | 203,172             | 241,520             | 232,007             | 210,837             | 207,156             | 237,119             | 224,900             |
| Deferred income                                    | 83,329              | 86,019              | 88,216              | 76,161              | 80,890              | 67,827              | 69,244              | 59,959              |
| Current portion of capital lease obligations       | 1,981               | 1,501               | 1,011               | 511                 | -                   | -                   | -                   | -                   |
| Total current liabilities                          | <u>577,568</u>      | <u>681,826</u>      | <u>682,963</u>      | <u>640,686</u>      | <u>613,414</u>      | <u>628,975</u>      | <u>661,767</u>      | <u>589,554</u>      |
| Capital lease obligations, net of current portion  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Other long-term liabilities                        | 203,286             | 202,546             | 210,703             | 175,602             | 175,789             | 173,457             | 166,309             | 164,047             |
| Total liabilities                                  | <u>780,854</u>      | <u>884,372</u>      | <u>893,666</u>      | <u>816,288</u>      | <u>789,203</u>      | <u>802,432</u>      | <u>828,076</u>      | <u>753,601</u>      |
| Shareholders' equity:                              |                     |                     |                     |                     |                     |                     |                     |                     |
| Common stock                                       | 1,288               | 1,300               | 1,297               | 1,317               | 1,218               | 1,207               | 1,179               | 1,162               |
| Additional paid-in capital                         | 4,683,490           | 4,745,787           | 4,732,088           | 4,805,588           | 4,034,873           | 3,966,047           | 3,790,169           | 3,683,117           |
| Accumulated other comprehensive income (loss)      | (560)               | 531                 | 3,602               | 1,092               | 6,580               | 5,752               | (295)               | 776                 |
| Retained earnings (accumulated deficit)            | 15,510              | 235,287             | 491,019             | 713,872             | 860,733             | 1,053,125           | 1,248,246           | 1,328,963           |
| Total shareholders' equity                         | <u>4,699,728</u>    | <u>4,982,905</u>    | <u>5,228,006</u>    | <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>    |
| Total liabilities and shareholders' equity         | <u>\$ 5,480,582</u> | <u>\$ 5,867,277</u> | <u>\$ 6,121,672</u> | <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> |
| GAAP inventory turns                               | 6.1                 | 6.6                 | 6.7                 | 6.2                 | 4.9                 | 4.9                 | 5.2                 | 4.1                 |
| GAAP days in inventory                             | 59                  | 55                  | 54                  | 59                  | 74                  | 75                  | 70                  | 89                  |

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

|   | <u>Q1'11</u>             | <u>Q2'11</u>             | <u>Q3'11</u>             | <u>Q4'11</u>             | <u>Q1'12</u>             | <u>Q2'12</u>             | <u>Q3'12</u>             | <u>Q4'12</u>             |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| GAAP Net income   | \$ 205,767               | \$ 219,777               | \$ 255,732               | \$ 222,853               | \$ 146,861               | \$ 192,392               | \$ 195,121               | \$ 80,717                |
| (1) Cost of goods sold                                  |                          |                          |                          |                          |                          |                          |                          |                          |
| Stock-based compensation                                | 2,236                    | 1,692                    | 1,818                    | 1,776                    | 1,695                    | 1,916                    | 1,940                    | 1,444                    |
| Acquisition related costs                               | -                        | -                        | -                        | -                        | -                        | -                        | -                        | 1,457                    |
| Legal/Tax related matters                               | 4,373                    | -                        | -                        | 4,062                    | -                        | -                        | -                        | -                        |
| (2) Research and development:                           |                          |                          |                          |                          |                          |                          |                          |                          |
| Stock-based compensation                                | 18,851                   | 22,089                   | 19,795                   | 21,789                   | 19,593                   | 22,128                   | 21,905                   | 22,298                   |
| Acquisition related costs                               | -                        | -                        | -                        | -                        | -                        | -                        | -                        | 279                      |
| Restructuring   | 129                      | 1,370                    | 187                      | 280                      | 168                      | 139                      | 1                        | 420                      |
| Legal/Tax related matters                               | -                        | -                        | -                        | -                        | -                        | -                        | 3,137                    | -                        |
| (3) Selling and marketing:                              |                          |                          |                          |                          |                          |                          |                          |                          |
| Stock-based compensation                                | 3,173                    | 2,397                    | 3,208                    | 2,991                    | 2,654                    | 3,207                    | 3,402                    | 3,657                    |
| Acquisition related costs                               | -                        | -                        | -                        | -                        | -                        | -                        | -                        | 41                       |
| Restructuring   | -                        | -                        | -                        | -                        | -                        | -                        | -                        | 8                        |
| (4) General and administrative:                         |                          |                          |                          |                          |                          |                          |                          |                          |
| Stock-based compensation                                | 2,636                    | 4,511                    | 4,720                    | 4,723                    | 3,538                    | 3,104                    | 3,364                    | 4,018                    |
| Acquisition related costs                               | -                        | -                        | -                        | -                        | -                        | -                        | -                        | 185                      |
| Restructuring   | 457                      | 289                      | 72                       | 399                      | 451                      | 428                      | 104                      | 137                      |
| Legal/Tax related matters                               | -                        | -                        | -                        | -                        | -                        | -                        | 4,322                    | (750)                    |
| (5) Other operating costs and expenses:                 |                          |                          |                          |                          |                          |                          |                          |                          |
| Amortization and writeoff of acquired intangible assets | 22,549                   | 21,214                   | 21,770                   | 14,005                   | 14,341                   | 11,138                   | 11,155                   | 12,723                   |
| <b>Non-GAAP Net income</b>                              | <b><u>\$ 260,171</u></b> | <b><u>\$ 273,339</u></b> | <b><u>\$ 307,302</u></b> | <b><u>\$ 272,878</u></b> | <b><u>\$ 189,301</u></b> | <b><u>\$ 234,452</u></b> | <b><u>\$ 244,451</u></b> | <b><u>\$ 126,634</u></b> |
| <b>Non-GAAP Operating Income</b>                        | <b><u>\$ 262,807</u></b> | <b><u>\$ 271,626</u></b> | <b><u>\$ 310,572</u></b> | <b><u>\$ 265,748</u></b> | <b><u>\$ 190,553</u></b> | <b><u>\$ 236,700</u></b> | <b><u>\$ 240,716</u></b> | <b><u>\$ 115,924</u></b> |
| GAAP Wighted average shares — diluted                   | 678,059                  | 675,220                  | 674,789                  | 679,445                  | 657,140                  | 623,132                  | 613,499                  | 599,300                  |
| Non-GAAP adjustment                                     | 3,310                    | 3,131                    | 2,710                    | 5,760                    | 5,808                    | 1,645                    | 1,558                    | 6,397                    |
| <b>Non-GAAP Wighted average shares — diluted</b>        | <b><u>681,369</u></b>    | <b><u>678,351</u></b>    | <b><u>677,499</u></b>    | <b><u>685,205</u></b>    | <b><u>662,948</u></b>    | <b><u>624,777</u></b>    | <b><u>615,057</u></b>    | <b><u>605,697</u></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 with that of other companies in its industry.