

Marvell Technology Group

Investor Relations

FQ1' 2013 Earnings Update



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Safe Harbor: Forward-Looking Statements

All statements included in these slides, other than statements or characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, guidance regarding our future financial performance including revenue, gross margin, R&D expense, SG&A expense, other income/expense, taxes and EPS for the second quarter of fiscal 2013; payment and timing of a quarterly dividend; and expectations in each of the end markets we serve (Mobile & Wireless; Storage; and Networking). These forward-looking statements are not guarantees of results and should not be considered as an indication of future performance. Actual events or results may differ materially from those described in these slides due to a number of risks and uncertainties including, among others, our reliance on a few customers for a significant portion of its revenue; our ability to develop and introduce new and enhanced products in a timely and cost effective manner; uncertainty in the worldwide economic environment; seasonality in sales of consumer devices in which our products are incorporated; our ability to compete in products and prices in an intensely competitive industry; our ability to recruit and retain skilled personnel; ability to generate cash flows; substantial costs of current and any future litigation; and other risks detailed in our SEC filings from time to time. For other factors that could cause our results to vary from expectations, we refer you to our Form 10-K for the year ended January 28, 2012, subsequent 10-Qs and other filings with the SEC, which discuss some of the important risk factors that could contribute to such differences or otherwise affect our business, results of operations and financial condition. We undertake no obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances.

We intend to pay a regular quarterly cash dividend on our common shares subject to, among other things, the best interests of its shareholders, Marvell's results of operations, cash balances and future cash requirements, financial condition, statutory requirements of Bermuda law, and other factors that the board of directors may deem relevant.

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Use of Non-GAAP Financial Measures

These slides provide financial measures on a U.S. GAAP as well as a non-GAAP basis. These non-GAAP results exclude the effect of stock-based compensation, amortization of acquired intangible assets, acquisition-related costs, restructuring costs, and certain one-time expenses or benefits. We believe that the presentation of non-GAAP financial measures provide important supplemental information to management and investors regarding financial and business trends relating to our financial condition and results of operations. While we use non-GAAP financial measures as a tool to enhance our understanding of certain aspects of our financial performance, we do not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. A reconciliation in accordance with SEC Regulation G for the non-GAAP financial measures used in these slides is available in the appendix to this presentation and in the Investor Relations section of our website.

FQ1' 2013 Financial Results

Key Highlights from FQ1' 2013 Results

Revenue

- Revenue of \$796m increased +7% sequentially
- TDS-CDMA sequential revenue growth of +25%
- ~2.5x sequential increase in 500GB per platter volume
- Over +10% sequential growth in new networking products

Non-GAAP EPS & Profitability

- EPS: \$0.23
- Gross margin: 54.5%
- Operating margin: 17.3%
- FCF margin: 22.3%

Delivering Shareholder value

- Share repurchases: 15 million shares
- Increased share repurchase authorization by \$500m to a total of \$2.5b
- Initiating a quarterly dividend of 6 cents per share

Source: Marvell

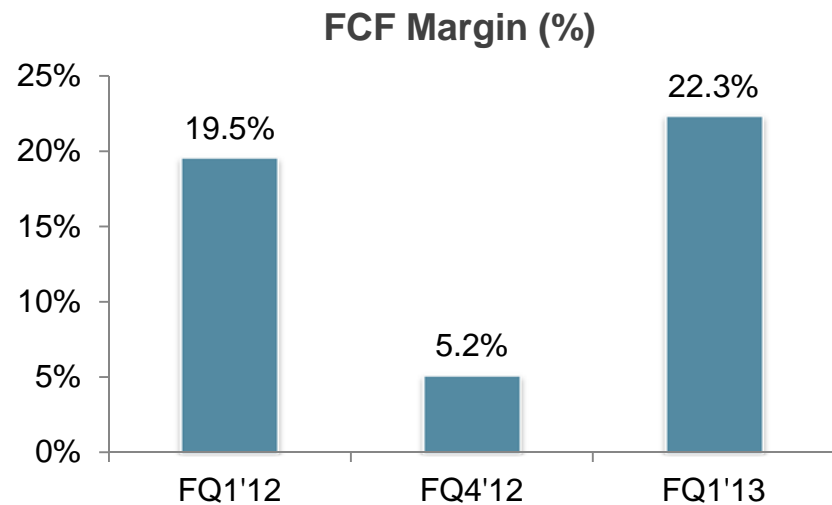
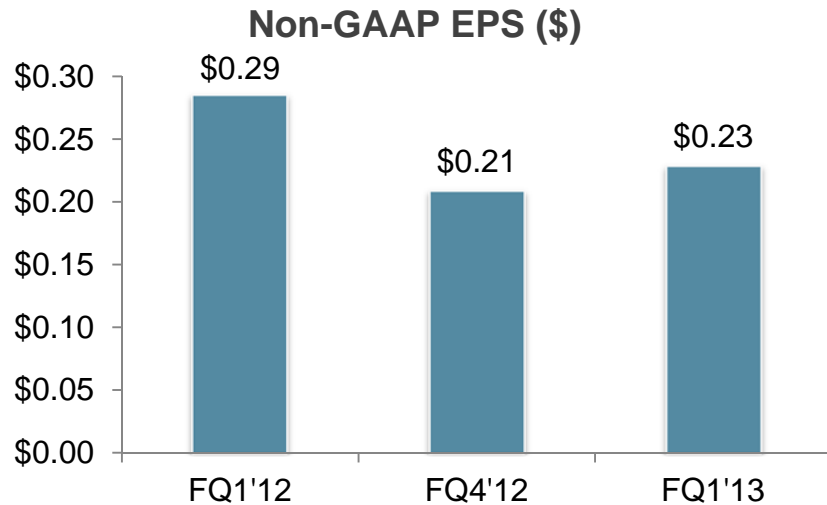
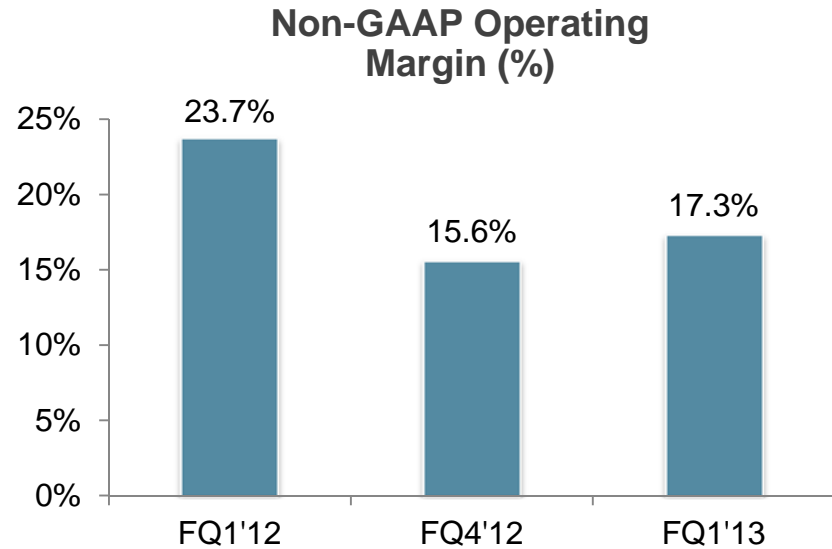
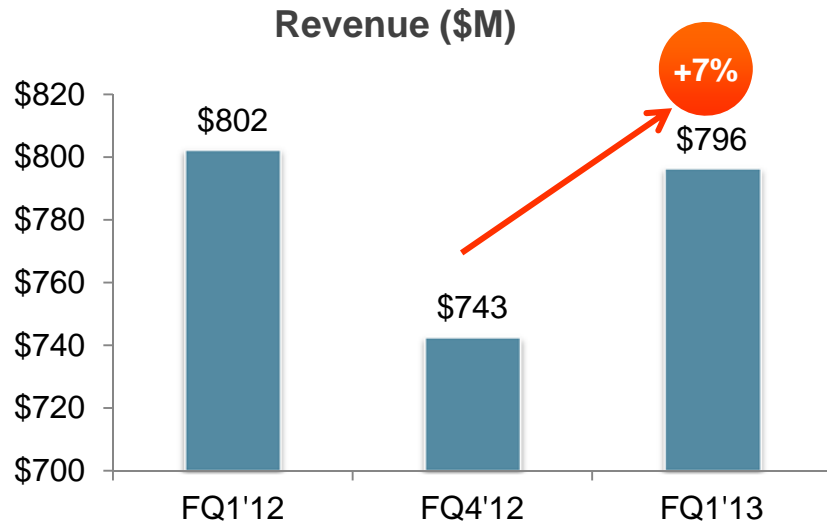
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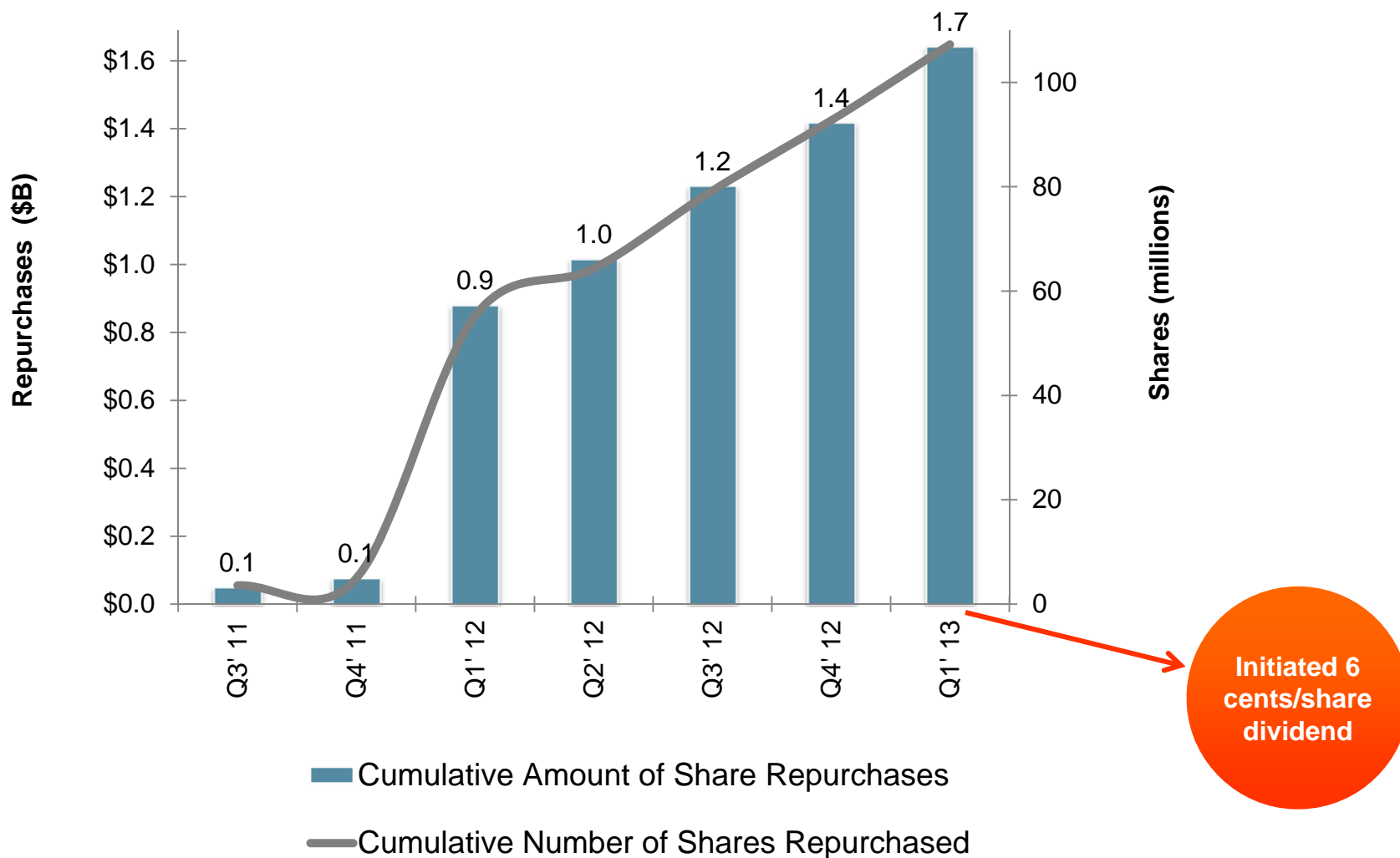
FQ1' 2013 Financial Summary

FQ4'12/FQ1'13 reflects impact of Thailand Floods



Source: Marvell

Return of Capital



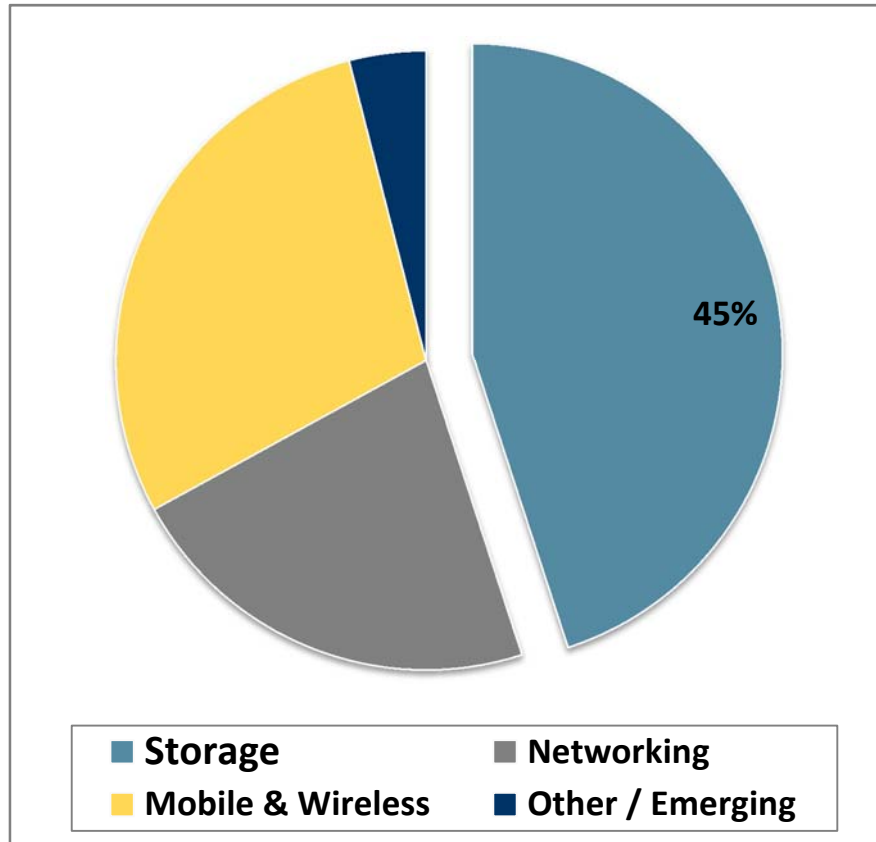
Source: Marvell

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End Markets: Storage



Source: Marvell

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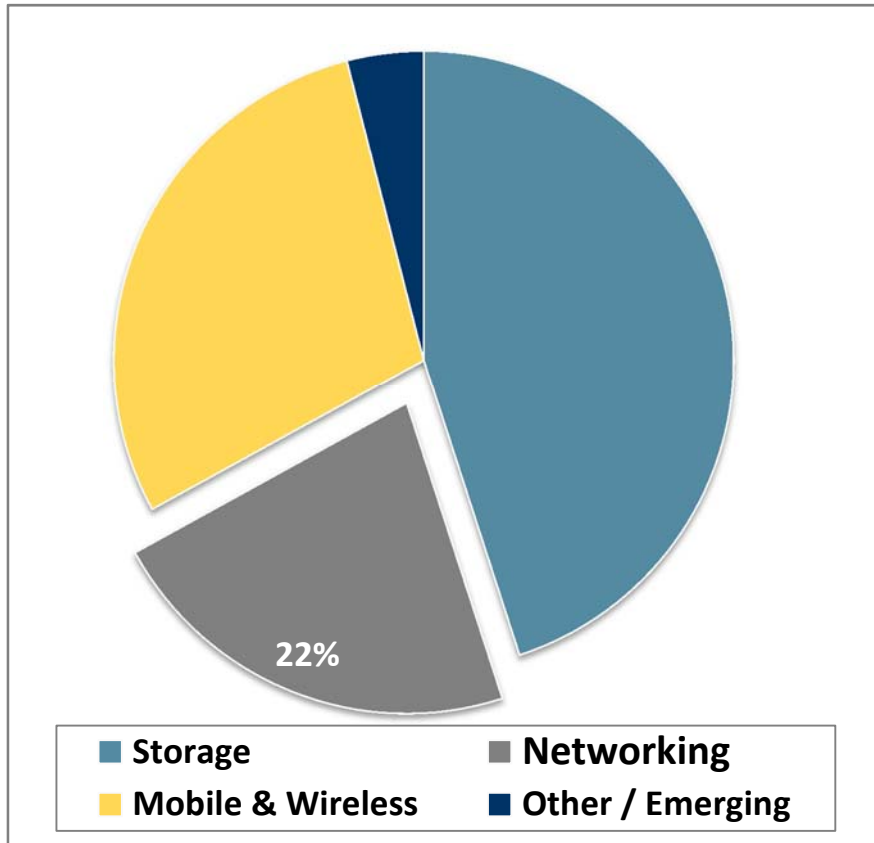
FQ1 Highlights

- 45% of overall revenue and +20% sequential increase
- Results at the high-end of earlier expectations
- Industry recovering from floods
- ~2.5x increase in next generation 500G per platter volumes
- SSD revenue in-line with expectations

FQ2 Expectations

- Revenue increase in the range of +10% to +15% sequentially
- Over +50% sequential increase in 500GB per platter revenue
- Sequential growth in SSD revenue

End Markets: Networking



Source: Marvell

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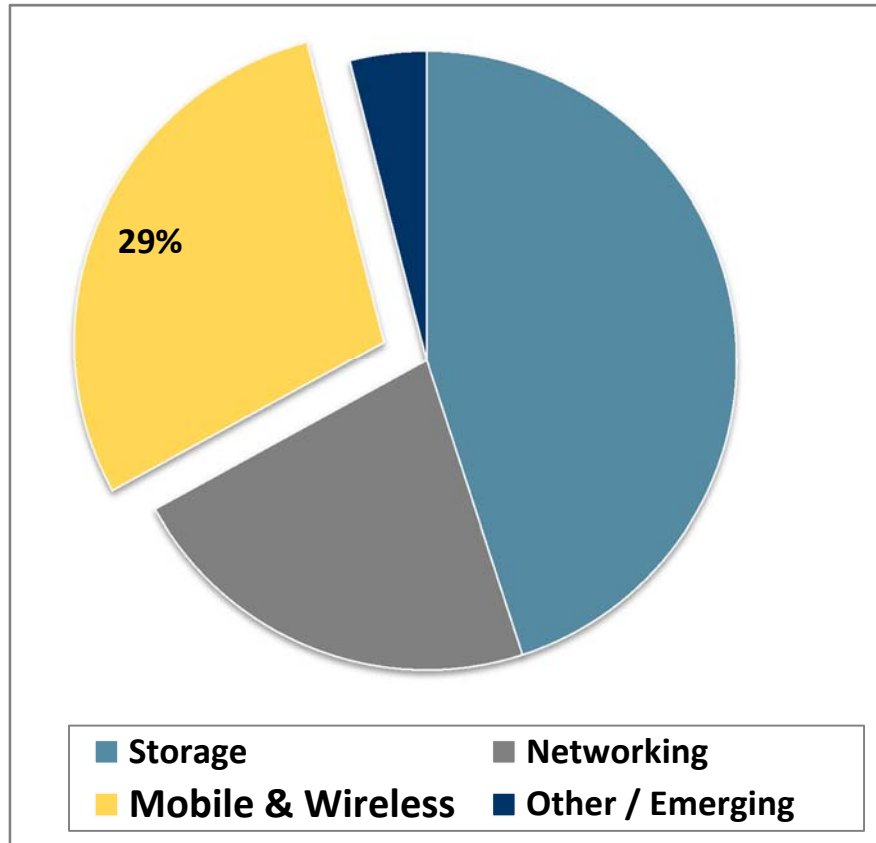
FQ1 Highlights

- 22% of overall revenue and down -1% sequentially
- Results better than aggregate networking end market
- New products including PON growth of over +10% sequentially
- Increased design win traction for advanced network processing and programmable Ethernet solutions

FQ2 Expectations

- Revenue increase of mid-single digit percentage sequentially
- Broad based demand increase
- Continued growth in new products such as PON and advanced network processing

End Markets: Mobile & Wireless



Source: Marvell

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FQ1 Highlights

- 29% of overall revenue, decline of -1% sequentially, increase of +14% year over year
- TD smartphone growth of +25% sequentially
- Cellular revenue growth of ~50% year over year
- Lesser customer dependency

FQ2 Expectations

- Revenue increase of mid- to high-single digit percentage sequentially
- Over +20% sequential increase in TD smartphone revenue
- Positive seasonality for connectivity

FQ2' 2013 Financial Guidance

FQ2' 2013 Guidance

| | FQ2' 2013 Guidance |
|----------------------------|-------------------------------|
| Revenue | \$840 to \$890 million |
| Non-GAAP Gross Margin | 54.5% +/- 50 bps |
| Non-GAAP Operating Expense | \$305 million +/- \$5 million |
| Non-GAAP R&D Expense | \$245 million |
| Non-GAAP SG&A Expense | \$60 million |
| Other Income / (Expense) | \$2 million |
| Non-GAAP Tax Expense | \$2 million |
| Non-GAAP EPS | \$0.28 +/- \$0.02 |
| GAAP EPS | \$0.21 +/- \$0.02 |

Source: Marvell

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Financial Statements

Unaudited Statement of Operations

(In thousands, except per share amounts)

| | Q2'11 | Q3'11 | Q4'11 | Q1'12 | Q2'12 | Q3'12 | Q4'12 | Q1'13 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Net revenue | \$ 896,474 | \$ 959,327 | \$ 900,513 | \$ 802,402 | \$ 897,520 | \$ 950,417 | \$ 742,701 | \$ 796,351 |
| Cost of goods sold | 366,682 | 390,808 | 371,799 | 334,475 | 378,117 | 412,100 | 341,113 | 366,322 |
| Gross profit | 529,792 | 568,519 | 528,714 | 467,927 | 519,403 | 538,317 | 401,588 | 430,029 |
| Operating expenses: | | | | | | | | |
| Research and development | 228,211 | 218,420 | 231,836 | 242,537 | 249,604 | 266,255 | 255,282 | 255,970 |
| Selling and marketing | 36,863 | 39,751 | 40,444 | 38,152 | 40,390 | 40,500 | 40,392 | 40,066 |
| General and administrative | 25,440 | 29,576 | 26,706 | 24,784 | 23,631 | 29,021 | 23,184 | 25,705 |
| Amortization of acquired intangible assets | 21,214 | 21,770 | 14,005 | 14,341 | 11,138 | 11,155 | 12,723 | 14,355 |
| Total operating expenses | 311,728 | 309,517 | 312,991 | 319,814 | 324,763 | 346,931 | 331,581 | 336,096 |
| Operating income | 218,064 | 259,002 | 215,723 | 148,113 | 194,640 | 191,386 | 70,007 | 93,933 |
| Interest and other income (expense), net | 4,212 | (1,665) | 10,475 | (218) | 2,064 | 7,729 | 5,338 | 1,057 |
| Income before income taxes | 222,276 | 257,337 | 226,198 | 147,895 | 196,704 | 199,115 | 75,345 | 94,990 |
| Provision (benefit) for income taxes | 2,499 | 1,605 | 3,345 | 1,034 | 4,312 | 3,994 | (5,372) | 447 |
| Net income | \$ 219,777 | \$ 255,732 | \$ 222,853 | \$ 146,861 | \$ 192,392 | \$ 195,121 | \$ 80,717 | \$ 94,543 |
| Net income per share - basic | 0.34 | 0.39 | 0.34 | 0.23 | 0.32 | 0.32 | 0.14 | 0.16 |
| Net income per share - diluted | 0.33 | 0.38 | 0.33 | 0.22 | 0.31 | 0.32 | 0.13 | 0.16 |
| Weighted average shares — basic | 648,028 | 649,782 | 654,650 | 638,946 | 608,511 | 600,504 | 583,466 | 580,024 |
| Weighted average shares — diluted | 675,220 | 674,789 | 679,445 | 657,140 | 623,132 | 613,499 | 599,300 | 594,739 |

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 | 1,692 | 1,818 | 1,776 | 1,695 | 1,916 | 1,940 | 1,444 | 2,123 |
| Research and development | 22,089 | 19,795 | 21,789 | 19,593 | 22,128 | 21,905 | 22,298 | 17,174 |
| Selling and marketing | 2,397 | 3,208 | 2,991 | 2,654 | 3,207 | 3,402 | 3,657 | 3,036 |
| General and administrative | 4,511 | 4,720 | 4,723 | 3,538 | 3,104 | 3,364 | 4,018 | 4,859 |

Source: Marvell

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Unaudited Statement of Cash Flows (In thousands)

| | Q2'11 | Q3'11 | Q4'11 | Q1'12 | Q2'12 | Q3'12 | Q4'12 | Q1'13 |
|---|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash flows from operating activities: | | | | | | | | |
| Net income | \$ 219,777 | \$ 255,732 | \$ 222,853 | \$ 146,861 | \$ 192,392 | \$ 195,121 | \$ 80,717 | \$ 94,543 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | | | |
| Depreciation and amortization | 22,773 | 23,140 | 24,199 | 24,037 | 22,437 | 20,179 | 21,801 | 21,199 |
| Stock-based compensation | 30,689 | 29,541 | 31,279 | 27,480 | 30,355 | 30,611 | 31,416 | 27,192 |
| Amortization of acquired intangible assets | 21,214 | 21,770 | 14,005 | 14,341 | 11,138 | 11,155 | 12,723 | 14,355 |
| Facilities impairment | 1,140 | - | - | - | - | - | - | - |
| Other (income) expense, net | 2,777 | 4,756 | (1,987) | 3,854 | 3,291 | 4,266 | 3,779 | 2,903 |
| Excess tax benefits from stock-based compensation | (44) | (440) | (230) | (3) | (11) | (85) | (65) | (41) |
| Changes in assets and liabilities: | | | | | | | | |
| Accounts receivable | (42,062) | 22,780 | 8,569 | 33,938 | 19,711 | (45,351) | 46,252 | (10,119) |
| Inventories | (32,549) | 11,539 | (17,120) | (53,107) | (22,897) | 12,037 | (37,142) | 201 |
| Prepaid expenses and other assets | (5,384) | (15,201) | 64,553 | 644 | 16,794 | 16,791 | (6,738) | 4,242 |
| Accounts payable | 91,740 | (34,508) | (21,471) | (5,295) | 12,294 | (2,806) | (51,288) | 21,249 |
| Accrued liabilities and other | 2,071 | 13,515 | (56,007) | (5,450) | 5,359 | (17,939) | (3,583) | 18,143 |
| Accrued employee compensation | 4,406 | 33,065 | (5,755) | (14,880) | (14,387) | 36,191 | (19,489) | (648) |
| Deferred income | 2,690 | 2,197 | (12,055) | 4,729 | (13,063) | 1,417 | (9,285) | 5,454 |
| Net cash provided by operating activities | 319,238 | 367,886 | 250,833 | 177,149 | 263,413 | 261,587 | 69,098 | 198,673 |
| Cash flows from investing activities: | | | | | | | | |
| Purchases of marketable securities | (522,182) | (312,890) | (240,817) | (677,179) | (462,705) | (443,008) | (268,804) | (421,652) |
| Purchases of strategic investments | (750) | - | - | (1,750) | (503) | (1,250) | (500) | (5,000) |
| Sales and maturities of investments | 198,305 | 330,993 | 190,021 | 272,547 | 408,522 | 402,145 | 378,950 | 558,777 |
| 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 | (4,569) | (5,830) | (10,495) | (3,290) | (3,325) | (2,978) | (4,230) | (2,045) |
| Purchases of property and equipment | (22,903) | (23,969) | (26,906) | (17,018) | (25,227) | (20,085) | (26,449) | (18,904) |
| Net cash (used in) provided by investing activities | (372,778) | (11,696) | (87,772) | (443,020) | (83,668) | (67,176) | 3,811 | 111,176 |
| Cash flows from financing activities: | | | | | | | | |
| Repurchase of common stock | - | (60,594) | (26,892) | (803,501) | (135,740) | (215,155) | (186,480) | (223,157) |
| Proceeds from employee stock plans | 31,952 | 17,427 | 74,465 | 9,841 | 36,782 | 8,942 | 50,474 | 17,803 |
| Minimum tax withholding paid on behalf of employees for net share settlement | (163) | (231) | (6,184) | (4,634) | (234) | (304) | (3,010) | (8,879) |
| Principal payments on capital lease obligations | (480) | (490) | (500) | (511) | - | - | - | - |
| Excess tax benefits from stock-based compensation | 44 | 440 | 230 | 3 | 11 | 85 | 65 | 41 |
| Net cash (used in) provided by financing activities | 31,353 | (43,448) | 41,119 | (798,802) | (99,181) | (206,432) | (138,951) | (214,192) |
| Net increase (decrease) in cash and cash equivalents | (22,187) | 312,742 | 204,180 | (1,064,673) | 80,564 | (12,021) | (66,042) | 95,657 |
| Cash and cash equivalents at beginning of period | 1,352,339 | 1,330,152 | 1,642,894 | 1,847,074 | 782,401 | 862,965 | 850,944 | 784,902 |
| Cash and cash equivalents at end of period | <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> | <u>\$ 880,559</u> |
| Unaudited Supplemental Financial Information | | | | | | | | |
| GAAP net cash provided by operating activities | \$ 319,238 | \$ 367,886 | \$ 250,833 | \$ 177,149 | \$ 263,413 | \$ 261,587 | \$ 69,098 | \$ 198,673 |
| Purchases of technology licenses | (4,569) | (5,830) | (10,495) | (3,290) | (3,325) | (2,978) | (4,230) | (2,045) |
| Purchases of property and equipment | (22,903) | (23,969) | (26,906) | (17,018) | (25,227) | (20,085) | (26,449) | (18,904) |
| Free cash flow | <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> | <u>\$ 177,724</u> |

Source: Marvell

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Unaudited Balance Sheet (In thousands)

| | Q2'11 | Q3'11 | Q4'11 | Q1'12 | Q2'12 | Q3'12 | Q4'12 | Q1'13 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash, cash equivalents, and short-term investments | \$ 2,379,951 | \$ 2,675,273 | \$ 2,930,030 | \$ 2,267,839 | \$ 2,399,787 | \$ 2,424,698 | \$ 2,246,498 | \$ 2,202,681 |
| Accounts receivable, net | 490,755 | 467,975 | 459,406 | 425,468 | 405,757 | 451,108 | 407,263 | 417,382 |
| Inventories | 239,320 | 227,936 | 245,448 | 299,108 | 322,005 | 309,968 | 354,119 | 353,387 |
| Prepaid expenses and other current assets | 72,045 | 78,576 | 77,763 | 80,154 | 70,842 | 61,741 | 71,081 | 68,176 |
| Total current assets | 3,182,071 | 3,449,760 | 3,712,647 | 3,072,569 | 3,198,391 | 3,247,515 | 3,078,961 | 3,041,626 |
| Property and equipment, net | 343,445 | 347,588 | 358,440 | 354,483 | 363,764 | 373,628 | 383,801 | 382,374 |
| Long-term investments | 34,184 | 30,865 | 26,226 | 26,070 | 26,070 | 23,218 | 23,215 | 23,215 |
| Goodwill and acquired intangible assets, net | 2,153,424 | 2,131,666 | 2,129,464 | 2,130,342 | 2,119,649 | 2,112,094 | 2,173,496 | 2,159,141 |
| Other non-current assets | 154,153 | 161,793 | 111,380 | 109,143 | 120,689 | 110,920 | 108,146 | 112,169 |
| Total assets | \$ 5,867,277 | \$ 6,121,672 | \$ 6,338,157 | \$ 5,692,607 | \$ 5,828,563 | \$ 5,867,375 | \$ 5,767,619 | \$ 5,718,525 |
| Liabilities and Shareholders' Equity | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | \$ 391,134 | \$ 352,216 | \$ 332,007 | \$ 321,687 | \$ 353,992 | \$ 355,404 | \$ 304,695 | \$ 323,392 |
| Accrued liabilities | 203,172 | 241,520 | 232,007 | 210,837 | 207,156 | 237,119 | 224,900 | 244,739 |
| Deferred income | 86,019 | 88,216 | 76,161 | 80,890 | 67,827 | 69,244 | 59,959 | 65,413 |
| Current portion of capital lease obligations | 1,501 | 1,011 | 511 | - | - | - | - | - |
| Total current liabilities | 681,826 | 682,963 | 640,686 | 613,414 | 628,975 | 661,767 | 589,554 | 633,544 |
| Capital lease obligations, net of current portion | - | - | - | - | - | - | - | - |
| Other long-term liabilities | 202,546 | 210,703 | 175,602 | 175,789 | 173,457 | 166,309 | 164,047 | 162,451 |
| Total liabilities | 884,372 | 893,666 | 816,288 | 789,203 | 802,432 | 828,076 | 753,601 | 795,995 |
| Shareholders' equity: | | | | | | | | |
| Common stock | 4,747,087 | 4,733,385 | 4,806,905 | 4,036,091 | 3,967,254 | 3,791,348 | 3,684,279 | 3,496,707 |
| Accumulated other comprehensive income (loss) | 531 | 3,602 | 1,092 | 6,580 | 5,752 | (295) | 776 | 2,317 |
| Retained earnings | 235,287 | 491,019 | 713,872 | 860,733 | 1,053,125 | 1,248,246 | 1,328,963 | 1,423,506 |
| Total shareholders' equity | 4,982,905 | 5,228,006 | 5,521,869 | 4,903,404 | 5,026,131 | 5,039,299 | 5,014,018 | 4,922,530 |
| Total liabilities and shareholders' equity | \$ 5,867,277 | \$ 6,121,672 | \$ 6,338,157 | \$ 5,692,607 | \$ 5,828,563 | \$ 5,867,375 | \$ 5,767,619 | \$ 5,718,525 |
| GAAP inventory turns | 6.6 | 6.7 | 6.2 | 4.9 | 4.9 | 5.2 | 4.0 | 4.1 |
| GAAP days in inventory | 55 | 54 | 59 | 74 | 75 | 70 | 90 | 88 |

Source: Marvell

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Unaudited GAAP to Non-GAAP Reconciliations (In thousands, except per share amounts)

| | <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> | <u>Q1'13</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| GAAP Net income | \$ 219,777 | \$ 255,732 | \$ 222,853 | \$ 146,861 | \$ 192,392 | \$ 195,121 | \$ 80,717 | \$ 94,543 |
| (1) Cost of goods sold | | | | | | | | |
| Stock-based compensation | 1,692 | 1,818 | 1,776 | 1,695 | 1,916 | 1,940 | 1,444 | 2,123 |
| Acquisition related costs | - | - | - | - | - | - | 1,457 | 1,929 |
| Legal/Tax related matters | - | - | 4,062 | - | - | - | - | - |
| (2) Research and development: | | | | | | | | |
| Stock-based compensation | 22,089 | 19,795 | 21,789 | 19,593 | 22,128 | 21,905 | 22,298 | 17,174 |
| Acquisition related costs | - | - | - | - | - | - | 279 | 442 |
| Restructuring | 1,370 | 187 | 280 | 168 | 139 | 1 | 420 | 2 |
| Legal/Tax related matters | - | - | - | - | - | 3,137 | - | - |
| (3) Selling and marketing: | | | | | | | | |
| Stock-based compensation | 2,397 | 3,208 | 2,991 | 2,654 | 3,207 | 3,402 | 3,657 | 3,036 |
| Acquisition related costs | - | - | - | - | - | - | 41 | 46 |
| Restructuring | - | - | - | - | - | - | 8 | (7) |
| (4) General and administrative: | | | | | | | | |
| Stock-based compensation | 4,511 | 4,720 | 4,723 | 3,538 | 3,104 | 3,364 | 4,018 | 4,859 |
| Acquisition related costs | - | - | - | - | - | - | 185 | 39 |
| Restructuring | 289 | 72 | 399 | 451 | 428 | 104 | 137 | 120 |
| Legal/Tax related matters | - | - | - | - | - | 4,322 | (750) | - |
| (5) Other operating costs and expenses: | | | | | | | | |
| Amortization of acquired intangible assets | 21,214 | 21,770 | 14,005 | 14,341 | 11,138 | 11,155 | 12,723 | 14,355 |
| Non-GAAP Net income | <u>\$ 273,339</u> | <u>\$ 307,302</u> | <u>\$ 272,878</u> | <u>\$ 189,301</u> | <u>\$ 234,452</u> | <u>\$ 244,451</u> | <u>\$ 126,634</u> | <u>\$ 138,661</u> |
| Non-GAAP Operating Income | <u>\$ 271,626</u> | <u>\$ 310,572</u> | <u>\$ 265,748</u> | <u>\$ 190,553</u> | <u>\$ 236,700</u> | <u>\$ 240,716</u> | <u>\$ 115,924</u> | <u>\$ 138,051</u> |
| GAAP Wighted average shares — diluted | 675,220 | 674,789 | 679,445 | 657,140 | 623,132 | 613,499 | 599,300 | 594,739 |
| Non-GAAP adjustment | 3,131 | 2,710 | 5,760 | 5,808 | 1,645 | 1,558 | 6,397 | 10,814 |
| Non-GAAP Wighted average shares — diluted | <u>678,351</u> | <u>677,499</u> | <u>685,205</u> | <u>662,948</u> | <u>624,777</u> | <u>615,057</u> | <u>605,697</u> | <u>605,553</u> |

Source: Marvell

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Unaudited FQ1'2013 GAAP to Non-GAAP Reconciliations (In thousands, except per share amounts)

| | Three Months Ended | | |
|--|--------------------|---------------------|-------------------|
| | April 28, 2012 | January 28, 2012 | April 30, 2011 |
| GAAP net income | \$ 94,543 | \$ 80,717 | \$ 146,861 |
| Stock-based compensation | 27,192 | 31,417 | 27,480 |
| Amortization of acquired intangible assets | 14,355 | 12,723 | 14,341 |
| Acquisition related costs (a) | 2,456 | 1,961 | - |
| Restructuring | 115 | 565 | 619 |
| Legal/Tax related matters (b) | - | (750) | - |
| Non-GAAP net income | <u>\$ 138,661</u> | <u>\$ 126,633</u> | <u>\$ 189,301</u> |
| GAAP weighted average shares - diluted | 594,739 | 599,300 | 657,140 |
| Non-GAAP adjustment | 10,814 | 6,397 | 5,808 |
| Non-GAAP weighted average shares diluted (c) | <u>605,553</u> | <u>605,697</u> | <u>662,948</u> |
| GAAP diluted net income per share | \$ 0.16 | \$ 0.13 | \$ 0.22 |
| Non-GAAP diluted net income per share | <u>\$ 0.23</u> | <u>\$ 0.21</u> | <u>\$ 0.29</u> |
| GAAP gross profit: | \$ 430,029 | \$ 401,588 | \$ 467,927 |
| Stock-based compensation | 2,123 | 1,444 | 1,695 |
| Acquisition-related costs (a) | 1,929 | 1,457 | - |
| Non-GAAP gross profit | <u>\$ 434,081</u> | <u>\$ 404,489</u> | <u>\$ 469,622</u> |
| GAAP gross margin | 54.0% | 54.1% | 58.3% |
| Stock-based compensation | 0.3% | 0.2% | 0.2% |
| Acquisition-related costs (a) | 0.2% | 0.2% | - |
| Non-GAAP gross margin | <u>54.5%</u> | <u>54.5%</u> | <u>58.5%</u> |
| GAAP research and development: | \$ 255,970 | \$ 255,282 | \$ 242,537 |
| Stock-based compensation | (17,174) | (22,298) | (19,593) |
| Acquisition-related costs (a) | (442) | (279) | - |
| Restructuring | (2) | (420) | (168) |
| Non-GAAP research and development | <u>\$ 238,352</u> | <u>\$ 232,285</u> | <u>\$ 222,776</u> |
| GAAP selling and marketing: | \$ 40,066 | \$ 40,392 | \$ 38,152 |
| Stock-based compensation | (3,036) | (3,657) | (2,654) |
| Acquisition-related costs (a) | (46) | (40) | - |
| Restructuring | 7 | (8) | - |
| Non-GAAP selling and marketing | <u>\$ 36,991</u> | <u>\$ 36,687</u> | <u>\$ 35,498</u> |
| GAAP general and administrative: | \$ 25,705 | \$ 23,184 | \$ 24,784 |
| Stock-based compensation | (4,859) | (4,018) | (3,538) |
| Acquisition-related costs (a) | (39) | (185) | - |
| Restructuring | (120) | (137) | (451) |
| Legal/Tax related matters (b) | - | 750 | - |
| Non-GAAP general and administrative | <u>\$ 20,687</u> | <u>\$ 19,594</u> | <u>\$ 20,795</u> |

(a) Acquisition-related costs include the step-up in fair value of acquired inventory that was sold during the period, and the amortization of retention bonuses required by the terms of the acquisition. Restructuring costs related to recently completed acquisitions are included within "Restructuring" in the table above.

(b) The three months ended January 28, 2012 include proceeds related to a concluded legal matter.

(c) For purposes of calculating non-GAAP diluted net income per share, the GAAP diluted weighted average shares outstanding is adjusted to exclude the benefits of stock compensation costs attributable to future services and not yet recognized in the financial statements.

Source: Marvell

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Thank You

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