

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

	<u>Q2'12</u>	<u>Q3'12</u>	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>	<u>Q4'13</u>	<u>Q1'14</u>
Net revenue	\$ 897,520	\$ 950,417	\$ 742,701	\$ 796,351	\$ 816,104	\$ 780,881	\$ 775,294	\$ 734,369
Cost of goods sold	378,117	412,100	341,113	366,322	381,839	374,503	370,833	335,438
Gross profit	519,403	538,317	401,588	430,029	434,265	406,378	404,461	398,931
Operating expenses:								
Research and development	249,604	266,255	255,282	255,970	264,175	263,615	273,685	279,052
Selling and marketing	40,390	40,500	40,392	40,066	41,034	38,398	42,319	39,989
General and administrative	23,631	29,021	23,184	25,705	25,718	24,514	32,577	26,323
Amortization of acquired intangible assets	11,138	11,155	12,723	14,355	13,023	13,054	12,268	10,686
Total operating expenses	324,763	346,931	331,581	336,096	343,950	339,581	360,849	356,050
Operating income	194,640	191,386	70,007	93,933	90,315	66,797	43,612	42,881
Interest and other income (expense), net	2,064	7,729	5,338	1,057	5,864	2,387	6,225	3,160
Income before income taxes	196,704	199,115	75,345	94,990	96,179	69,184	49,837	46,041
Provision (benefit) for income taxes	4,312	3,994	(5,372)	447	3,105	368	(315)	(7,168)
Net income	<u>\$ 192,392</u>	<u>\$ 195,121</u>	<u>\$ 80,717</u>	<u>\$ 94,543</u>	<u>\$ 93,074</u>	<u>\$ 68,816</u>	<u>\$ 50,152</u>	<u>\$ 53,209</u>
Net income per share - basic	<u>0.32</u>	<u>0.32</u>	<u>0.14</u>	<u>0.16</u>	<u>0.17</u>	<u>0.12</u>	<u>0.10</u>	<u>0.11</u>
Net income per share - diluted	<u>0.31</u>	<u>0.32</u>	<u>0.13</u>	<u>0.16</u>	<u>0.16</u>	<u>0.12</u>	<u>0.09</u>	<u>0.11</u>
Weighted average shares — basic	<u>608,511</u>	<u>600,504</u>	<u>583,466</u>	<u>580,024</u>	<u>562,362</u>	<u>553,049</u>	<u>525,804</u>	<u>502,180</u>
Weighted average shares — diluted	<u>623,132</u>	<u>613,499</u>	<u>599,300</u>	<u>594,739</u>	<u>570,325</u>	<u>559,348</u>	<u>528,082</u>	<u>505,387</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	1,916	1,940	1,444	2,123	1,775	1,944	2,300	1,867
Research and development	22,128	21,905	22,298	17,174	22,413	22,565	24,997	23,279
Selling and marketing	3,207	3,402	3,657	3,036	3,458	3,101	3,683	3,392
General and administrative	3,104	3,364	4,018	4,859	5,582	2,764	5,506	4,975

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

	<u>Q2'12</u>	<u>Q3'12</u>	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>	<u>Q4'13</u>	<u>Q1'14</u>
<b>Cash flows from operating activities:</b>								
Net income	\$ 192,392	\$ 195,121	\$ 80,717	\$ 94,543	\$ 93,074	\$ 68,816	\$ 50,152	\$ 53,209
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization	22,437	20,179	21,801	21,199	21,285	22,317	26,227	24,966
Stock-based compensation	30,355	30,611	31,416	27,192	33,228	30,374	36,486	33,513
Amortization of acquired intangible assets	11,138	11,155	12,723	14,355	13,023	13,054	12,268	10,686
Other (income) expense, net	3,291	4,266	3,779	2,903	2,272	1,260	957	2,523
Excess tax benefits from stock-based compensation	(11)	(85)	(65)	(41)	(3)	(5)	(9)	(7)
Changes in assets and liabilities:								
Accounts receivable	19,711	(45,351)	46,252	(10,119)	26,610	16,002	44,532	(40,112)
Inventories	(22,897)	12,037	(37,142)	201	7,832	21,601	73,468	(20,123)
Prepaid expenses and other assets	16,794	16,791	(6,738)	4,242	11,393	358	(15,861)	6,802
Accounts payable	12,294	(2,806)	(51,288)	21,249	6,288	(54,674)	2,833	28,936
Accrued expenses and other liabilities	5,359	(17,939)	(3,583)	18,143	(4,204)	(3,653)	(2,272)	(20,081)
Accrued employee compensation	(14,387)	36,191	(19,489)	(648)	(24,033)	29,509	(24,878)	4,423
Deferred income	(13,063)	1,417	(9,285)	5,454	2,427	(8,382)	692	(880)
Net cash provided by operating activities	<u>263,413</u>	<u>261,587</u>	<u>69,098</u>	<u>198,673</u>	<u>189,192</u>	<u>136,577</u>	<u>204,595</u>	<u>83,855</u>
<b>Cash flows from investing activities:</b>								
Purchases of available-for-sale securities	(462,705)	(443,008)	(268,804)	(421,652)	(225,255)	(558,457)	(338,538)	(306,838)
Sales and maturities of available-for-sale securities	408,522	402,145	378,950	558,777	322,532	436,435	517,911	335,771
Purchases of strategic investments	(503)	(1,250)	(500)	(5,000)	(750)	-	(3,000)	-
Cash paid for acquisitions, net	(430)	(2,000)	(75,156)	-	-	(1,000)	-	(2,551)
Purchases of technology licenses	(3,325)	(2,978)	(4,230)	(2,045)	(4,407)	(4,235)	(24,315)	(5,860)
Purchases of property and equipment	(25,227)	(20,085)	(26,449)	(18,904)	(10,830)	(19,356)	(19,096)	(20,080)
Net cash (used in) provided by investing activities	<u>(83,668)</u>	<u>(67,176)</u>	<u>3,811</u>	<u>111,176</u>	<u>81,290</u>	<u>(146,613)</u>	<u>132,962</u>	<u>442</u>
<b>Cash flows from financing activities:</b>								
Repurchase of common stock	(135,740)	(215,155)	(186,480)	(223,157)	(250,327)	(202,987)	(260,464)	(216,694)
Proceeds from employee stock plans	36,782	8,942	50,474	17,803	39,526	8,915	38,692	19,805
Minimum tax withholding paid on behalf of employees for net share settlement	(234)	(304)	(3,010)	(8,879)	(598)	(345)	(277)	(9,378)
Dividend payment to shareholder	-	-	-	-	(33,537)	(33,476)	(31,748)	(30,253)
Payment on technology license obligations	-	-	-	-	-	-	-	(5,317)
Excess tax benefits from stock-based compensation	11	85	65	41	3	5	9	7
Net cash (used in) provided by financing activities	<u>(99,181)</u>	<u>(206,432)</u>	<u>(138,951)</u>	<u>(214,192)</u>	<u>(244,933)</u>	<u>(227,888)</u>	<u>(253,788)</u>	<u>(241,830)</u>
Net increase (decrease) in cash and cash equivalents	80,564	(12,021)	(66,042)	95,657	25,549	(237,924)	83,769	(157,533)
Cash and cash equivalents at beginning of period	782,401	862,965	850,944	784,902	880,559	906,108	668,184	751,953
Cash and cash equivalents at end of period	<u>\$ 862,965</u>	<u>\$ 850,944</u>	<u>\$ 784,902</u>	<u>\$ 880,559</u>	<u>\$ 906,108</u>	<u>\$ 668,184</u>	<u>\$ 751,953</u>	<u>\$ 594,420</u>

**Unaudited Supplemental Financial Information**

GAAP net cash provided by operating activities	\$ 263,413	\$ 261,587	\$ 69,098	\$ 198,673	\$ 189,192	\$ 136,577	\$ 204,595	\$ 83,855
Purchases of technology licenses	(3,325)	(2,978)	(4,230)	(2,045)	(4,407)	(4,235)	(24,315)	(5,860)
Purchases of property and equipment	(25,227)	(20,085)	(26,449)	(18,904)	(10,830)	(19,356)	(19,096)	(20,080)
Payment on technology license obligations	-	-	-	-	-	-	-	(5,317)
Free cash flow	<u>\$ 234,861</u>	<u>\$ 238,524</u>	<u>\$ 38,419</u>	<u>\$ 177,724</u>	<u>\$ 173,955</u>	<u>\$ 112,986</u>	<u>\$ 161,184</u>	<u>\$ 52,598</u>

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

	<u>Q2'12</u>	<u>Q3'12</u>	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>	<u>Q4'13</u>	<u>Q1'14</u>
<b>Assets</b>								
Current assets:								
Cash, cash equivalents, and short-term investments	\$ 2,399,787	\$ 2,424,698	\$ 2,246,498	\$ 2,202,681	\$ 2,134,193	\$ 2,016,799	\$ 1,918,990	\$ 1,732,643
Accounts receivable, net	405,757	451,108	407,263	417,382	390,772	374,770	330,238	370,350
Inventories	322,005	309,968	354,119	353,387	345,712	323,997	250,420	270,652
Prepaid expenses and other current assets	70,842	61,741	71,081	68,176	58,904	62,264	85,698	79,269
Total current assets	<u>3,198,391</u>	<u>3,247,515</u>	<u>3,078,961</u>	<u>3,041,626</u>	<u>2,929,581</u>	<u>2,777,830</u>	<u>2,585,346</u>	<u>2,452,914</u>
Property and equipment, net	363,764	373,628	383,801	382,374	381,154	376,437	387,027	384,612
Long-term investments	26,070	23,218	23,215	23,215	18,103	18,103	16,769	16,550
Goodwill and acquired intangible assets, net	2,119,649	2,112,094	2,173,496	2,159,141	2,146,118	2,134,061	2,121,793	2,114,893
Other non-current assets	120,689	110,920	108,146	112,169	109,596	119,523	150,829	152,198
Total assets	<u>\$ 5,828,563</u>	<u>\$ 5,867,375</u>	<u>\$ 5,767,619</u>	<u>\$ 5,718,525</u>	<u>\$ 5,584,552</u>	<u>\$ 5,425,954</u>	<u>\$ 5,261,764</u>	<u>\$ 5,121,167</u>
<b>Liabilities and Shareholders' Equity</b>								
Current liabilities:								
Accounts payable	\$ 353,992	\$ 355,404	\$ 304,695	\$ 323,392	\$ 335,100	\$ 291,366	\$ 286,552	\$ 307,393
Accrued expenses	207,156	237,119	224,900	244,739	223,508	249,645	261,186	246,432
Deferred income	67,827	69,244	59,959	65,413	67,840	59,458	60,150	59,270
Total current liabilities	<u>628,975</u>	<u>661,767</u>	<u>589,554</u>	<u>633,544</u>	<u>626,448</u>	<u>600,469</u>	<u>607,888</u>	<u>613,095</u>
Other non-current liabilities	173,457	166,309	164,047	162,451	154,990	149,191	169,281	155,631
Total liabilities	<u>802,432</u>	<u>828,076</u>	<u>753,601</u>	<u>795,995</u>	<u>781,438</u>	<u>749,660</u>	<u>777,169</u>	<u>768,726</u>
Shareholders' equity:								
Common stock	3,967,254	3,791,348	3,684,279	3,496,707	3,318,693	3,154,536	2,946,660	2,790,522
Accumulated other comprehensive income (loss)	5,752	(295)	776	2,317	1,378	3,375	1,148	2,176
Retained earnings	1,053,125	1,248,246	1,328,963	1,423,506	1,483,043	1,518,383	1,536,787	1,559,743
Total shareholders' equity	<u>5,026,131</u>	<u>5,039,299</u>	<u>5,014,018</u>	<u>4,922,530</u>	<u>4,803,114</u>	<u>4,676,294</u>	<u>4,484,595</u>	<u>4,352,441</u>
Total liabilities and shareholders' equity	<u>\$ 5,828,563</u>	<u>\$ 5,867,375</u>	<u>\$ 5,767,619</u>	<u>\$ 5,718,525</u>	<u>\$ 5,584,552</u>	<u>\$ 5,425,954</u>	<u>\$ 5,261,764</u>	<u>\$ 5,121,167</u>
GAAP inventory turns	4.9	5.2	4.1	4.1	4.4	4.5	5.2	5.1
GAAP days in inventory	75	70	89	88	83	81	76	71

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

	<u>Q2'12</u>	<u>Q3'12</u>	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>	<u>Q4'13</u>	<u>Q1'14</u>
GAAP Net income	\$ 192,392	\$ 195,121	\$ 80,717	\$ 94,543	\$ 93,074	\$ 68,816	\$ 50,152	\$ 53,209
(1) Cost of goods sold								
Stock-based compensation	1,916	1,940	1,444	2,123	1,775	1,944	2,300	1,867
Acquisition related costs	-	-	1,457	1,929	1,054	-	-	-
Legal/Tax related matters	-	-	-	-	-	-	5,698	-
(2) Research and development:								
Stock-based compensation	22,128	21,905	22,298	17,174	22,413	22,565	24,997	23,279
Acquisition related costs	-	-	279	442	466	458	262	400
Restructuring	139	1	420	2	42	2	1	-
Legal/Tax related matters	-	3,137	-	-	-	-	(690)	-
(3) Selling and marketing:								
Stock-based compensation	3,207	3,402	3,657	3,036	3,458	3,101	3,683	3,392
Acquisition related costs	-	-	40	46	50	57	14	45
Restructuring	-	-	8	(7)	7	(3)	-	-
(4) General and administrative:								
Stock-based compensation	3,104	3,364	4,018	4,859	5,582	2,764	5,506	4,975
Acquisition related costs	-	-	185	39	7	8	19	20
Restructuring	428	104	137	120	810	130	153	228
Legal/Tax related matters	-	4,322	(750)	-	250	-	-	-
(5) Other operating costs and expenses:								
Amortization of acquired intangible assets	11,138	11,155	12,723	14,355	13,023	13,054	12,268	10,686
<b>Non-GAAP Net income</b>	<b><u>\$ 234,452</u></b>	<b><u>\$ 244,451</u></b>	<b><u>\$ 126,633</u></b>	<b><u>\$ 138,661</u></b>	<b><u>\$ 142,011</u></b>	<b><u>\$ 112,896</u></b>	<b><u>\$ 104,363</u></b>	<b><u>\$ 98,101</u></b>
<b>Non-GAAP Operating Income</b>	<b><u>\$ 236,700</u></b>	<b><u>\$ 240,716</u></b>	<b><u>\$ 115,923</u></b>	<b><u>\$ 138,051</u></b>	<b><u>\$ 139,252</u></b>	<b><u>\$ 110,877</u></b>	<b><u>\$ 97,823</u></b>	<b><u>\$ 87,773</u></b>
GAAP Wighted average shares — diluted	623,132	613,499	599,300	594,739	570,325	559,348	528,082	505,387
Non-GAAP adjustment	1,645	1,558	6,397	10,814	16,302	18,452	16,196	17,094
<b>Non-GAAP Wighted average shares — diluted</b>	<b><u>624,777</u></b>	<b><u>615,057</u></b>	<b><u>605,697</u></b>	<b><u>605,553</u></b>	<b><u>586,627</u></b>	<b><u>577,800</u></b>	<b><u>544,278</u></b>	<b><u>522,481</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.