

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

	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>	<u>Q4'13</u>	<u>Q1'14</u>	<u>Q2'14</u>	<u>Q3'14</u>
Net revenue	\$ 742,701	\$ 796,351	\$ 816,104	\$ 780,881	\$ 775,294	\$ 734,369	\$ 807,056	\$ 931,226
Cost of goods sold	341,113	366,322	381,839	374,503	370,833	335,438	386,059	464,981
Gross profit	401,588	430,029	434,265	406,378	404,461	398,931	420,997	466,245
Operating expenses:								
Research and development	255,282	255,970	264,175	263,615	273,685	279,052	292,642	296,291
Selling and marketing	40,392	40,066	41,034	38,398	42,319	39,989	38,548	37,496
General and administrative	23,184	25,705	25,718	24,514	32,577	26,323	27,192	26,589
Amortization and write-off of acquired intangible assets	12,723	14,355	13,023	13,054	12,268	10,686	10,638	10,645
Total operating expenses	331,581	336,096	343,950	339,581	360,849	356,050	369,020	371,021
Operating income	70,007	93,933	90,315	66,797	43,612	42,881	51,977	95,224
Interest and other income, net	5,338	1,057	5,864	2,387	6,225	3,160	8,253	1,536
Income before income taxes	75,345	94,990	96,179	69,184	49,837	46,041	60,230	96,760
Provision (benefit) for income taxes	(5,372)	447	3,105	368	(315)	(7,168)	(1,596)	(6,396)
Net income	<u>\$ 80,717</u>	<u>\$ 94,543</u>	<u>\$ 93,074</u>	<u>\$ 68,816</u>	<u>\$ 50,152</u>	<u>\$ 53,209</u>	<u>\$ 61,826</u>	<u>\$ 103,156</u>
Net income per share - basic	<u>0.14</u>	<u>0.16</u>	<u>0.17</u>	<u>0.12</u>	<u>0.10</u>	<u>0.11</u>	<u>0.13</u>	<u>0.21</u>
Net income per share - diluted	<u>0.13</u>	<u>0.16</u>	<u>0.16</u>	<u>0.12</u>	<u>0.09</u>	<u>0.11</u>	<u>0.12</u>	<u>0.21</u>
Weighted average shares — basic	<u>583,466</u>	<u>580,024</u>	<u>562,362</u>	<u>553,049</u>	<u>525,804</u>	<u>502,180</u>	<u>494,293</u>	<u>491,979</u>
Weighted average shares — diluted	<u>599,300</u>	<u>594,739</u>	<u>570,325</u>	<u>559,348</u>	<u>528,082</u>	<u>505,387</u>	<u>500,625</u>	<u>501,189</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	1,444	2,123	1,775	1,944	2,300	1,867	1,868	2,531
Research and development	22,298	17,174	22,413	22,565	24,997	23,279	28,982	30,084
Selling and marketing	3,657	3,036	3,458	3,101	3,683	3,392	3,648	3,738
General and administrative	4,018	4,859	5,582	2,764	5,506	4,975	6,593	6,848

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

	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>	<u>Q4'13</u>	<u>Q1'14</u>	<u>Q2'14</u>	<u>Q3'14</u>
<b>Cash flows from operating activities:</b>								
Net income	\$ 80,717	\$ 94,543	\$ 93,074	\$ 68,816	\$ 50,152	\$ 53,209	\$ 61,826	\$ 103,156
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization	21,801	21,199	21,285	22,317	26,227	24,966	25,697	25,913
Stock-based compensation	31,416	27,192	33,228	30,374	36,486	33,513	41,091	43,201
Amortization and write-off of acquired intangible assets	12,723	14,355	13,023	13,054	12,268	10,686	10,638	10,645
Other expense, net	3,779	2,903	2,272	1,260	957	2,523	1,816	1,655
Excess tax benefits from stock-based compensation	(65)	(41)	(3)	(5)	(9)	(7)	(25)	(10)
Changes in assets and liabilities:								
Accounts receivable	46,252	(10,119)	26,610	16,002	44,532	(40,112)	(60,524)	(35,855)
Inventories	(37,142)	201	7,832	21,601	73,468	(20,123)	(64,170)	(45,157)
Prepaid expenses and other assets	(6,738)	4,242	11,393	358	(15,861)	6,802	12,503	(4,293)
Accounts payable	(51,288)	21,249	6,288	(54,674)	2,833	28,936	54,933	44,442
Accrued liabilities and other non-current liabilities	(3,583)	18,143	(4,204)	(3,653)	(2,272)	(20,081)	(13,013)	12,584
Accrued employee compensation	(19,489)	(648)	(24,033)	29,509	(24,878)	4,423	(471)	10,013
Deferred income	(9,285)	5,454	2,427	(8,382)	692	(880)	16,195	10,905
Net cash provided by operating activities	<u>69,098</u>	<u>198,673</u>	<u>189,192</u>	<u>136,577</u>	<u>204,595</u>	<u>83,855</u>	<u>86,496</u>	<u>177,199</u>
<b>Cash flows from investing activities:</b>								
Purchases of available-for-sale securities	(268,804)	(421,652)	(225,255)	(558,457)	(338,538)	(306,838)	(164,631)	(220,280)
Sales and maturities of available-for-sale securities	378,950	558,777	322,532	436,435	517,911	335,771	162,909	346,826
Investments in privately-held-companies	(500)	(5,000)	(750)	-	(3,000)	-	(750)	(1,119)
Cash paid for acquisitions, net	(75,156)	-	-	(1,000)	-	(2,551)	-	-
Purchases of technology licenses	(4,230)	(2,045)	(4,407)	(4,235)	(24,315)	(5,860)	(1,750)	(6,383)
Purchases of property and equipment	(26,449)	(18,904)	(10,830)	(19,356)	(19,096)	(20,080)	(18,981)	(14,222)
Net cash (used in) provided by investing activities	<u>3,811</u>	<u>111,176</u>	<u>81,290</u>	<u>(146,613)</u>	<u>132,962</u>	<u>442</u>	<u>(23,203)</u>	<u>104,822</u>
<b>Cash flows from financing activities:</b>								
Repurchase of common stock	(186,480)	(223,157)	(250,327)	(202,987)	(260,464)	(216,694)	(88,114)	(71,477)
Proceeds from employee stock plans	50,474	17,803	39,526	8,915	38,692	19,805	53,316	24,155
Minimum tax withholding paid on behalf of employees for net share settlement	(3,010)	(8,879)	(598)	(345)	(277)	(9,378)	(510)	(518)
Dividend payment to shareholders	-	-	(33,537)	(33,476)	(31,748)	(30,253)	(29,791)	(29,516)
Payment on technology license obligations	-	-	-	-	-	(5,317)	(984)	-
Excess tax benefits from stock-based compensation	65	41	3	5	9	7	25	10
Net cash used in financing activities	<u>(138,951)</u>	<u>(214,192)</u>	<u>(244,933)</u>	<u>(227,888)</u>	<u>(253,788)</u>	<u>(241,830)</u>	<u>(66,058)</u>	<u>(77,346)</u>
Net increase (decrease) in cash and cash equivalents	(66,042)	95,657	25,549	(237,924)	83,769	(157,533)	(2,765)	204,675
Cash and cash equivalents at beginning of period	850,944	784,902	880,559	906,108	668,184	751,953	594,420	591,655
Cash and cash equivalents at end of period	<u>\$ 784,902</u>	<u>\$ 880,559</u>	<u>\$ 906,108</u>	<u>\$ 668,184</u>	<u>\$ 751,953</u>	<u>\$ 594,420</u>	<u>\$ 591,655</u>	<u>\$ 796,330</u>
<b>Unaudited Supplemental Financial Information</b>								
GAAP net cash provided by operating activities	\$ 69,098	\$ 198,673	\$ 189,192	\$ 136,577	\$ 204,595	\$ 83,855	\$ 86,496	\$ 177,199
Purchases of technology licenses	(4,230)	(2,045)	(4,407)	(4,235)	(24,315)	(5,860)	(1,750)	(6,383)
Purchases of property and equipment	(26,449)	(18,904)	(10,830)	(19,356)	(19,096)	(20,080)	(18,981)	(14,222)
Payment on technology license obligations	-	-	-	-	-	(5,317)	(984)	-
Free cash flow	<u>\$ 38,419</u>	<u>\$ 177,724</u>	<u>\$ 173,955</u>	<u>\$ 112,986</u>	<u>\$ 161,184</u>	<u>\$ 52,598</u>	<u>\$ 64,781</u>	<u>\$ 156,594</u>

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

	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>	<u>Q4'13</u>	<u>Q1'14</u>	<u>Q2'14</u>	<u>Q3'14</u>
<b>Assets</b>								
Current assets:								
Cash, cash equivalents, and short-term investments	\$ 2,246,498	\$ 2,202,681	\$ 2,134,193	\$ 2,016,799	\$ 1,918,990	\$ 1,732,643	\$ 1,726,198	\$ 1,804,068
Accounts receivable, net	407,263	417,382	390,772	374,770	330,238	370,350	430,874	466,729
Inventories	354,119	353,387	345,712	323,997	250,420	270,652	335,320	380,412
Prepaid expenses and other current assets	71,081	68,176	58,904	62,264	85,698	79,269	66,238	66,450
Total current assets	<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>	<u>2,558,630</u>	<u>2,717,659</u>
Property and equipment, net	369,426	368,077	366,935	362,297	372,971	370,634	363,486	358,150
Long-term investments	23,215	23,215	18,103	18,103	16,769	16,550	16,299	16,158
Goodwill and acquired intangible assets, net	2,173,496	2,159,141	2,146,118	2,134,061	2,121,793	2,114,893	2,104,255	2,093,610
Other non-current assets	122,521	126,466	123,815	133,663	164,885	166,176	161,574	162,379
Total assets	<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>	<u>\$ 5,204,244</u>	<u>\$ 5,347,956</u>
<b>Liabilities and Shareholders' Equity</b>								
Current liabilities:								
Accounts payable	\$ 304,695	\$ 323,392	\$ 335,100	\$ 291,366	\$ 286,552	\$ 307,393	\$ 355,164	\$ 400,403
Accrued liabilities	224,900	244,739	223,508	249,645	261,186	246,432	242,953	270,199
Deferred income	59,959	65,413	67,840	59,458	60,150	59,270	75,465	86,370
Total current liabilities	<u>589,554</u>	<u>633,544</u>	<u>626,448</u>	<u>600,469</u>	<u>607,888</u>	<u>613,095</u>	<u>673,582</u>	<u>756,972</u>
Other non-current liabilities	164,047	162,451	154,990	149,191	169,281	155,631	138,152	127,765
Total liabilities	<u>753,601</u>	<u>795,995</u>	<u>781,438</u>	<u>749,660</u>	<u>777,169</u>	<u>768,726</u>	<u>811,734</u>	<u>884,737</u>
Shareholders' equity:								
Common stock	3,684,279	3,496,707	3,318,693	3,154,536	2,946,660	2,790,522	2,802,304	2,797,744
Accumulated other comprehensive income (loss)	776	2,317	1,378	3,375	1,148	2,176	(1,572)	57
Retained earnings	1,328,963	1,423,506	1,483,043	1,518,383	1,536,787	1,559,743	1,591,778	1,665,418
Total shareholders' equity	<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>	<u>4,392,510</u>	<u>4,463,219</u>
Total liabilities and shareholders' equity	<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>	<u>\$ 5,204,244</u>	<u>\$ 5,347,956</u>
GAAP inventory turns	4.1	4.1	4.4	4.5	5.2	5.1	5.1	5.2
GAAP days in inventory	89	88	83	81	76	71	71	70

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

	<u>Q4'12</u>	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>	<u>Q4'13</u>	<u>Q1'14</u>	<u>Q2'14</u>	<u>Q3'14</u>
GAAP Net income	\$ 80,717	\$ 94,543	\$ 93,074	\$ 68,816	\$ 50,152	\$ 53,209	\$ 61,826	\$ 103,156
(1) Cost of goods sold								
Stock-based compensation	1,444	2,123	1,775	1,944	2,300	1,867	1,868	2,531
Acquisition related costs	1,457	1,929	1,054	-	-	-	-	-
Legal/Tax related matters	-	-	-	-	5,698	-	4,728	-
(2) Research and development:								
Stock-based compensation	22,298	17,174	22,413	22,565	24,997	23,279	28,982	30,084
Acquisition related costs	279	442	466	458	262	400	(1,135)	414
Restructuring	420	2	42	2	1	-	-	4,613
Legal/Tax related matters	-	-	-	-	(690)	-	-	-
(3) Selling and marketing:								
Stock-based compensation	3,657	3,036	3,458	3,101	3,683	3,392	3,648	3,738
Acquisition related costs	40	46	50	57	14	45	34	-
Restructuring	8	(7)	7	(3)	-	-	-	795
(4) General and administrative:								
Stock-based compensation	4,018	4,859	5,582	2,764	5,506	4,975	6,593	6,848
Acquisition related costs	185	39	7	8	19	20	20	19
Restructuring	137	120	810	130	153	228	178	527
Legal/Tax related matters	(750)	-	250	-	-	-	500	-
(5) Other operating costs and expenses:								
Amortization and write-off of acquired intangible assets	12,723	14,355	13,023	13,054	12,268	10,686	10,638	10,645
<b>Non-GAAP Net income</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><u>\$ 117,880</u></b>	<b><u>\$ 163,370</u></b>
<b>Non-GAAP Operating Income</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>	<b><u>\$ 108,031</u></b>	<b><u>\$ 155,438</u></b>
GAAP Wighted average shares — diluted	599,300	594,739	570,325	559,348	528,082	505,387	500,625	501,189
Non-GAAP adjustment	6,397	10,814	16,302	18,452	16,196	17,094	15,021	13,014
<b>Non-GAAP Wighted average shares — diluted</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>	<b><u>515,646</u></b>	<b><u>514,203</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.