

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

	<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>	<u>Q4'14</u>
Net revenue	\$ 796,351	\$ 816,104	\$ 780,881	\$ 775,294	\$ 734,369	\$ 807,056	\$ 931,226	\$ 931,749
Cost of goods sold	366,322	381,839	374,503	370,833	335,438	386,059	464,981	477,252
Gross profit	430,029	434,265	406,378	404,461	398,931	420,997	466,245	454,497
Operating expenses:								
Research and development	255,970	264,175	263,615	273,685	279,052	292,642	296,291	288,900
Selling and marketing	40,066	41,034	38,398	42,319	39,989	38,548	37,496	36,665
General and administrative	25,705	25,718	24,514	32,577	26,323	27,192	26,589	26,367
Amortization and write-off of acquired intangible assets	14,355	13,023	13,054	12,268	10,686	10,638	10,645	11,956
Total operating expenses	336,096	343,950	339,581	360,849	356,050	369,020	371,021	363,888
Operating income	93,933	90,315	66,797	43,612	42,881	51,977	95,224	90,609
Interest and other income, net	1,057	5,864	2,387	6,225	3,160	8,253	1,536	12,617
Income before income taxes	94,990	96,179	69,184	49,837	46,041	60,230	96,760	103,226
Provision (benefit) for income taxes	447	3,105	368	(315)	(7,168)	(1,596)	(6,396)	6,097
Net income	<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>	<u>\$ 97,129</u>
Net income per share - basic	<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>	<u>0.20</u>
Net income per share - diluted	<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>	<u>0.19</u>
Weighted average shares — basic	<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>	<u>497,620</u>
Weighted average shares — diluted	<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>	<u>510,449</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	2,123	1,775	1,944	2,300	1,867	1,868	2,531	2,597
Research and development	17,174	22,413	22,565	24,997	23,279	28,982	30,084	27,087
Selling and marketing	3,036	3,458	3,101	3,683	3,392	3,648	3,738	3,162
General and administrative	4,859	5,582	2,764	5,506	4,975	6,593	6,848	5,222

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

	<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>	<u>Q4'14</u>
Cash flows from operating activities:								
Net income	\$ 94,543	\$ 93,074	\$ 68,816	\$ 50,152	\$ 53,209	\$ 61,826	\$ 103,156	\$ 97,129
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization	21,199	21,285	22,317	26,227	24,966	25,697	25,913	26,176
Share-based compensation	27,192	33,228	30,374	36,486	33,513	41,091	43,201	38,068
Amortization and write-off of acquired intangible assets	14,355	13,023	13,054	12,268	10,686	10,638	10,645	12,037
Other expense, net	2,903	2,272	1,260	957	2,523	1,816	1,655	2,184
Gain from sale of a product line	-	-	-	-	-	-	-	(6,975)
Excess tax benefits from share-based compensation	(41)	(3)	(5)	(9)	(7)	(25)	(10)	22
Changes in assets and liabilities:								
Accounts receivable	(10,119)	26,610	16,002	44,532	(40,112)	(60,524)	(35,855)	13,233
Inventories	201	7,832	21,601	73,468	(20,123)	(64,170)	(45,157)	32,262
Prepaid expenses and other assets	4,242	11,393	358	(15,861)	6,802	12,503	(4,293)	8,365
Accounts payable	21,249	6,288	(54,674)	2,833	28,936	54,933	44,442	(88,520)
Accrued liabilities and other non-current liabilities	18,143	(4,204)	(3,653)	(2,272)	(20,081)	(13,013)	12,584	10,883
Accrued employee compensation	(648)	(24,033)	29,509	(24,878)	4,423	(471)	10,013	(19,752)
Deferred income	5,454	2,427	(8,382)	692	(880)	16,195	10,905	(24,623)
Net cash provided by operating activities	<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>	<u>100,489</u>
Cash flows from investing activities:								
Purchases of available-for-sale securities	(421,652)	(225,255)	(558,457)	(338,538)	(306,838)	(164,631)	(220,280)	(146,143)
Sales and maturities of available-for-sale securities	558,777	322,532	436,435	517,911	335,771	162,909	346,826	149,533
Net proceeds from sale of a product line	-	-	-	-	-	-	-	6,306
Investments in privately-held-companies	(5,000)	(750)	-	(3,000)	-	(750)	(1,119)	-
Cash paid for acquisitions, net	-	-	(1,000)	-	(2,551)	-	-	-
Purchases of technology licenses	(2,045)	(4,407)	(4,235)	(24,315)	(5,860)	(1,750)	(6,383)	(3,654)
Purchases of property and equipment	(18,904)	(10,830)	(19,356)	(19,096)	(20,080)	(18,981)	(14,222)	(13,310)
Net cash (used in) provided by investing activities	<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>	<u>(7,268)</u>
Cash flows from financing activities:								
Repurchase of common stock	(223,157)	(250,327)	(202,987)	(260,464)	(216,694)	(88,114)	(71,477)	-
Proceeds from employee stock plans	17,803	39,526	8,915	38,692	19,805	53,316	24,155	107,686
Minimum tax withholding paid on behalf of employees for net share settlement	(8,879)	(598)	(345)	(277)	(9,378)	(510)	(518)	(466)
Dividend payment to shareholders	-	(33,537)	(33,476)	(31,748)	(30,253)	(29,791)	(29,516)	(29,889)
Payments on technology license obligations	-	-	-	-	(5,317)	(984)	-	(1,110)
Excess tax benefits from share-based compensation	41	3	5	9	7	25	10	(22)
Net cash (used in) provided by financing activities	<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>	<u>76,199</u>
Net increase (decrease) in cash and cash equivalents	95,657	25,549	(237,924)	83,769	(157,533)	(2,765)	204,675	169,420
Cash and cash equivalents at beginning of period	784,902	880,559	906,108	668,184	751,953	594,420	591,655	796,330
Cash and cash equivalents at end of period	<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>	<u>\$ 965,750</u>
Unaudited Supplemental Financial Information								
GAAP net cash provided by operating activities	\$ 198,673	\$ 189,192	\$ 136,577	\$ 204,595	\$ 83,855	\$ 86,496	\$ 177,199	\$ 100,489
Purchases of technology licenses	(2,045)	(4,407)	(4,235)	(24,315)	(5,860)	(1,750)	(6,383)	(3,654)
Purchases of property and equipment	(18,904)	(10,830)	(19,356)	(19,096)	(20,080)	(18,981)	(14,222)	(13,310)
Payment on technology license obligations	-	-	-	-	(5,317)	(984)	-	(1,110)
Free cash flow	<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>	<u>\$ 82,415</u>

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

	<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>	<u>Q4'14</u>
Assets								
Current assets:								
Cash, cash equivalents, and short-term investments	\$ 2,202,681	\$ 2,134,193	\$ 2,016,799	\$ 1,918,990	\$ 1,732,643	\$ 1,726,198	\$ 1,804,068	\$ 1,969,405
Accounts receivable, net	417,382	390,772	374,770	330,238	370,350	430,874	466,729	453,496
Inventories	353,387	345,712	323,997	250,420	270,652	335,320	380,412	347,861
Prepaid expenses and other current assets	68,176	58,904	62,264	85,698	79,269	66,238	66,450	68,458
Total current assets	<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>	<u>2,839,220</u>
Property and equipment, net	368,077	366,935	362,297	372,971	370,634	363,486	358,150	356,165
Long-term investments	23,215	18,103	18,103	16,769	16,550	16,299	16,158	16,279
Goodwill and acquired intangible assets, net	2,159,141	2,146,118	2,134,061	2,121,793	2,114,893	2,104,255	2,093,610	2,078,980
Other non-current assets	126,466	123,815	133,663	164,885	166,176	161,574	162,379	160,366
Total assets	<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>	<u>\$ 5,451,010</u>
Liabilities and Shareholders' Equity								
Current liabilities:								
Accounts payable	\$ 323,392	\$ 335,100	\$ 291,366	\$ 286,552	\$ 307,393	\$ 355,164	\$ 400,403	\$ 316,389
Accrued liabilities	244,739	223,508	249,645	261,186	246,432	242,953	270,199	273,170
Deferred income	65,413	67,840	59,458	60,150	59,270	75,465	86,370	61,747
Total current liabilities	<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>	<u>651,306</u>
Other non-current liabilities	162,451	154,990	149,191	169,281	155,631	138,152	127,765	123,794
Total liabilities	<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>	<u>775,100</u>
Shareholders' equity:								
Common stock	3,496,707	3,318,693	3,154,536	2,946,660	2,790,522	2,802,304	2,797,744	2,942,655
Accumulated other comprehensive income (loss)	2,317	1,378	3,375	1,148	2,176	(1,572)	57	597
Retained earnings	1,423,506	1,483,043	1,518,383	1,536,787	1,559,743	1,591,778	1,665,418	1,732,658
Total shareholders' equity	<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>	<u>4,675,910</u>
Total liabilities and shareholders' equity	<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>	<u>\$ 5,451,010</u>
GAAP inventory turns	4.1	4.4	4.5	5.2	5.1	5.1	5.2	5.2
GAAP days in inventory	88	83	81	76	71	71	70	69

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

	<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>	<u>Q4'14</u>
GAAP Net income	\$ 94,543	\$ 93,074	\$ 68,816	\$ 50,152	\$ 53,209	\$ 61,826	\$ 103,156	\$ 97,129
(1) Cost of goods sold								
Share-based compensation	2,123	1,775	1,944	2,300	1,867	1,868	2,531	2,597
Acquisition related costs	1,929	1,054	-	-	-	-	-	-
Amortization of acquired intangible assets	-	-	-	-	-	-	-	228
Legal/Tax related matters	-	-	-	5,698	-	4,728	-	9,500
(2) Research and development:								
Share-based compensation	17,174	22,413	22,565	24,997	23,279	28,982	30,084	27,087
Acquisition related costs	442	466	458	262	400	(1,135)	414	116
Restructuring and other exit related	2	42	2	1	-	-	4,613	829
Legal/Tax related matters	-	-	-	(690)	-	-	-	-
(3) Selling and marketing:								
Share-based compensation	3,036	3,458	3,101	3,683	3,392	3,648	3,738	3,162
Acquisition related costs	46	50	57	14	45	34	-	-
Restructuring and other exit related	(7)	7	(3)	-	-	-	795	-
(4) General and administrative:								
Share-based compensation	4,859	5,582	2,764	5,506	4,975	6,593	6,848	5,222
Acquisition related costs	39	7	8	19	20	20	19	5
Restructuring and other exit related	120	810	130	153	228	178	527	118
Legal/Tax related matters	-	250	-	-	-	500	-	-
(5) Other operating costs and expenses:								
Amortization and write-off of acquired intangible assets	14,355	13,023	13,054	12,268	10,686	10,638	10,645	11,956
(6) Gain from sale of a product line:	-	-	-	-	-	-	-	(6,975)
Non-GAAP Net income	\$ 138,661	\$ 142,011	\$ 112,896	\$ 104,363	\$ 98,101	\$ 117,880	\$ 163,370	\$ 150,974
Non-GAAP Operating income	\$ 138,051	\$ 139,252	\$ 110,877	\$ 97,823	\$ 87,773	\$ 108,031	\$ 155,438	\$ 151,429
GAAP Weighted average shares — diluted	594,739	570,325	559,348	528,082	505,387	500,625	501,189	510,449
Non-GAAP adjustment	10,814	16,302	18,452	16,196	17,094	15,021	13,014	12,932
Non-GAAP Weighted average shares — diluted	605,553	586,627	577,800	544,278	522,481	515,646	514,203	523,381

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.