Corporate and Financial Update

February 2011

Eyal Waldman
President, Chairman, and CEO

Michael Gray
CFO
Safe Harbor Statement

These slides and the accompanying oral presentation contain forward-looking statements and information.

The use of words such as “may”, “might”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “project”, “intend”, “future”, “potential” or “continued”, and other similar expressions are intended to identify forward-looking statements.

All of these forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain. Forward-looking statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, industry, strategy or actual results to differ materially from the forward-looking statement.

These risks and uncertainties may include those discussed under the heading “Risk Factors” in the Company’s most recent 10K and 10Q’s on file with the Securities and Exchange Commission, and other factors which may not be known to us. Any forward-looking statement speaks only as of its date. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.
Connectivity Solutions for Efficient Computing

Cloud Computing

High-Performance Computing

Enterprise and Storage

Providing Users Best-in-Class Networking Bandwidth, Application Performance and Response Time
Company Overview

- **Leading connectivity solutions provider for data center servers and storage systems**
  - Foundation for the world’s most powerful and energy-efficient systems
  - >7.0M ports shipped as of Dec.’10

- **Company headquarters:**
  - Yokneam, Israel; Sunnyvale, California
  - ~700 employees; worldwide sales & support

- **Solid financial position**
  - Record Revenue in FY’10; $154.6M
  - Q4’10 revenue = $40.7M
  - $253.3M cash / no debt

- **Completed acquisition of Voltaire, Ltd.**
Combining Best-in-Class Systems Knowledge and Software with Best-in-Class Silicon

**Mellanox Brings**
- InfiniBand and 10GbE Silicon Technology & Roadmap
- Adapter Leadership
- Advanced HW Features
- End to End Experience
- Strong OEM Engagements

**Voltaire Brings**
- InfiniBand and 10GbE Switch Systems Experience
- IB Switch Market Share Leadership
- End to End SW & Systems Solutions
- Strong Enterprise Customer Engagements

**Combined Entity**
- Silicon, Adapters and Systems Leadership
- IB Market Share Leadership
- Full Service Offering
- Strong Customer and OEMs Engagements

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**InfiniBand**

<table>
<thead>
<tr>
<th>InfiniScale &amp; ConnectX</th>
<th>Grid Directors &amp; Software</th>
<th>InfiniBand Market Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCA and Switch Silicon</td>
<td>UFM Fabric Management SW</td>
<td>End to End Silicon, Systems, Software Solutions</td>
</tr>
<tr>
<td>HCA Adapters, FIT</td>
<td>Applications Acceleration SW</td>
<td>FDR/EDR Roadmap</td>
</tr>
<tr>
<td>Scalable Switch Systems</td>
<td>Enterprise Class Switches</td>
<td>Application Acceleration and Fabric Management Software</td>
</tr>
<tr>
<td>Dell, HP, IBM, and Oracle</td>
<td>HP, IBM</td>
<td>Full OEM Coverage</td>
</tr>
</tbody>
</table>

**Ethernet/VPI**

<table>
<thead>
<tr>
<th>10GbE and 40GbE Adapters</th>
<th>10GbE Vantage Switches &amp; SW</th>
<th>Ethernet Innovator</th>
</tr>
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<tbody>
<tr>
<td>Highest performance Ethernet Silicon</td>
<td>UFM Fabric Management SW</td>
<td>End to End Silicon, Systems, Software Solutions</td>
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<tr>
<td>10GbE LOM and Mezz Adapters at Dell, HP and IBM</td>
<td>Applications Acceleration SW</td>
<td>10GbE, 40GbE and 100GbE Roadmap</td>
</tr>
<tr>
<td></td>
<td>24, 48, 288 Port 10GbE Switches</td>
<td>Application Acceleration and Fabric Management Software</td>
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<td></td>
<td>HP, IBM</td>
<td>Strong OEM Coverage</td>
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</table>
Leading End-to-End Connectivity Solution Provider for Servers and Storage Systems

Server / Compute

Switch / Gateway

Virtual Protocol Interconnect

40G IB & FCoIB
10/40GigE & FCoE

40G InfiniBand
10/40GigE
Fibre Channel

Storage Front / Back-End

Industries Only End-to-End InfiniBand and Ethernet Portfolio

<table>
<thead>
<tr>
<th>ICs</th>
<th>Adapter Cards</th>
<th>Host/Fabric Software</th>
<th>Switches/Gateways</th>
<th>Cables</th>
</tr>
</thead>
</table>
### Connecting the Data Center Ecosystem

**Hardware OEMs**

<table>
<thead>
<tr>
<th>Servers</th>
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<tbody>
<tr>
<td>HP</td>
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<tr>
<td>IBM</td>
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<td>Sun</td>
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<td>Dell</td>
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<td>NEC</td>
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<td>sgi</td>
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<td>SUPERMICRO</td>
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<table>
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<th>Storage</th>
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<tbody>
<tr>
<td>NetApp</td>
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<tr>
<td>HP</td>
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<tr>
<td>IBM</td>
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<tr>
<td>Sun</td>
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<td>DataDirect Networks</td>
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<td>Isilon</td>
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<td>LSI</td>
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<td>sgi</td>
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<tr>
<th>Embedded</th>
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<tbody>
<tr>
<td>GE FANUC</td>
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<td>DALSA</td>
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<td>rohati</td>
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<tr>
<td>Mercury</td>
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<td>SeaChanger</td>
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**Software Partners**

<table>
<thead>
<tr>
<th>Microsoft</th>
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<tr>
<td>redhat</td>
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<tr>
<td>Novell</td>
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<td>Solaris</td>
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<td>ATX L</td>
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<td>VMware</td>
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<td>ORACLE</td>
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<td>IBM DB2</td>
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<td>REUTERS</td>
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<td>ANSYS</td>
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<tr>
<td>Synopsys</td>
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<tr>
<td>luster</td>
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<tr>
<td>Autodesk</td>
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</table>

**End Users**

**Enterprise Data Centers**

- CME
- JP Morgan
- Burlington
- VIACOM
- KELLY SERVICES
- BT
- Yahoo!
- Alexa

**High-Performance Computing**

- Honda
- Citgo
- Toyota
- NCSA
- DreamWorks Animation
- AIRBUS
- Ford
- Exxon
- TIME WARNER

**Embedded**

- Cox Communications
- Cablevision
- Comcast
- Time Warner

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Multi-Billion Dollar Total Available Market

**Servers**
- 7.8M in total
  - 1.4M Virtualized
    - 2.0M in 2014, 10.7% CAGR
  - 1.5M HPC
    - 2.0M in 2014, 10.5% CAGR
  - 3.5M Web 2.0
    - 6.0M in 2014, 19.6% CAGR

**Storage**
- 3.4M in total
  - 2.4M Front End
    - 3.0M in 2014, 7.7% CAGR
  - 1.0M Back End
    - 1.8M in 2014, 21.6% CAGR

**Embedded**
- 0.6M in total
  - 0.7M in 2014, 5.2% CAGR

**Total End Points**
- 11.8M+ End Points = $5.9B TAM* in 2011
  - 15M ports available in 2014

Source: IDC and Mellanox Technologies

* Assume $500 ASP per Server
HPC and Data Centers Demand Mellanox

- Increasing networking I/O requirements
  - Driven by multi-core CPUs, GPUs, virtualization
  - LAN, SAN, IPC I/O convergence

- Server and storage efficiency and scalability
  - Maximize the use of each server; deterministic performance; meet SLAs
  - Elastic storage scalability to meet exponential user and data volume growth

- High bandwidth and low-latency I/O is critical to ROI
  - Accelerate data throughput, application response and job execution time, increase utilization

Mellanox Network Connectivity Benefits for IT*

- Infrastructure Reduction 60%
- Energy Cost Reduction 65%
- Performance Increase 10X

* Based on end-users testimonies
Mellanox Breaks I/O Connectivity Barriers

- Virtualization
- Solid State Memory
- Interconnect Flexibility
- Low-Latency
- 10X Performance
- Rack-based Apps
- Bandwidth & Low-Latency
- Consolidation
- Reconfigurable Performance
- Convergence, Low Power
- Server and Storage Blades
- Multi-core CPUs and GPUs
- Cloud Computing
- Consolidation/Green

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I/O Flexibility and Consolidation: Virtual Protocol Interconnect (VPI)

- **Broad OS / Virtualization support**
  - Strong software ecosystem foundation

- **Consolidation / Extensive connectivity options and features**
  - Cost-Effective convergence over InfiniBand/FCoIB or Ethernet/FCoE

- **Performance**
  - Application acceleration, PCIe 2.0, low-latency, high-bandwidth

**Applications**

**Protocols**

**Acceleration Engines**

Networking, Cluster, Storage, Virtualization, RDMA

On-Demand Performance and Services

40Gb IB 40GbE
FCoIB FCoE
Expanding End-to-End Ethernet Leadership

- **Industry’s highest performing Ethernet NIC**
  - 10/40GigE w/FCoE with hardware offload
  - Ethernet industry’s lowest $1.3 \mu s$ end-to-end latency
  - Faster application completion, better server utilization

- **Tremendous ecosystem support momentum**
  - Multiple Tier-1 OEM design wins (Dell, IBM, HP)
    - Servers, LAN on Motherboard (LOM), and storage systems
  - Comprehensive OS Support
    - VMware, Citrix, Windows, Linux

- **High capacity, low latency 10GigE switches**
  - 24 to 288 ports with 600-1200ns latency
  - Sold through multiple Tier-1 OEMs (IBM, HP)
  - Consolidation over shared fabrics

- **Integrated, complete management offering**
  - Service Oriented Infrastructure Management, with Open APIs
Adapter market and performance leadership
- First to market with 40Gb/s (QDR) adapters
  - Roadmap to end-to-end 56Gb/s (FDR) in 2011
- Delivers next-gen application efficiency capabilities
- Global Tier-1 server and storage availability
  - Bull, Dawning, Dell, Fujitsu, HP, IBM, Oracle, SGI, T-Platforms

Comprehensive, performance-leading switch family
- Industry’s highest density and scalability
- World’s lowest port-to-port latency (25-50% lower than competitors)

Comprehensive and feature-rich management/acceleration software
- Enhancing application performance and network ease-of-use

High-performance converged I/O gateways
- Optimal scaling, consolidation, energy efficiency
- Lowers space and power and increases application performance

Copper and Fiber Cables
- Exceeds IBTA mechanical & electrical standards
- Ultimate reliability and signal integrity
Mellanox in the TOP500

- **Mellanox InfiniBand builds the most powerful clusters**
  - Connects 4 out of the Top 10 and 61 systems in the Top 100
- **InfiniBand represents 43% of the TOP500**
  - 98% of the InfiniBand clusters use Mellanox solutions
- **Mellanox InfiniBand enables the highest utilization on the TOP500**
  - Up to 96% system utilization
- **Mellanox 10GigE is the highest ranked 10GigE system (#126)**
Performance Leadership Across Industries

30%+ of Fortune-100 & top global-High Performance Computers

6 of Top 10 Global Banks
9 of Top 10 Automotive Manufacturers
4 of Top 10 Pharmaceutical Companies
7 of Top 10 Oil and Gas Companies
InfiniBand in the Cloud and Enterprise

Hardware & Software Engineered to Work Together

Exallogic Elastic Cloud

12x More Throughput
50% Less Hardware

Oracle.com/exallogic

Mellanox 40Gb/s InfiniBand Accelerated

Runs Oracle 10X Faster
The World’s Fastest Database Machine

IBM DB2 pureScale
95% Efficiency and Scalability
Superior HPC Performance and Efficiency

- Faster execution of highly compute intensive tasks such as climate research, molecular modeling, physical simulations, cryptanalysis, geophysical modeling, automotive and aerospace design, financial modeling, data mining and more*

Automotive / CFD
- 3X simulation efficiency increase
- 3X performance improvement and near linear scaling

Oil and Gas
- 5X reduction in reservoir modeling simulation runtime
- Improves interpretation and modeling accuracy

Design Automation
- 4X runtime increase
- Faster silicon manufacturing time

Digital Media
- 5X the bandwidth for real-time color grading
- High-resolution commercials and feature films

*Partial List
Mellanox interconnects converge the data center and relieve critical performance bottlenecks to maximize Return on Investment*

- **Database Apps**
  - 10X performance increase
  - 1M operations per second
  - Increased scalability

- **Managed Hosting, Internet & Web 2.0**
  - 16X more VMs per server
  - 60%+ ROI Benefits
  - Scalability to address 240TB of crawled web data at 1/5th the cost

- **Financial Services**
  - 62% faster execution time
  - 82% higher data volume
  - 70% lower costs
  - 3X less power

- **Cloud Computing & Cloud Appliances**
  - 12X the throughput
  - 50% less hardware
  - 95% reduced deployment effort
  - Elastic and reliable, low-cost storage

*Source: Mellanox Case Studies – www.mellanox.com
# Performance and Elastic Front/Back-End Storage

- **Mellanox eliminates storage data access bottlenecks and provides storage with elasticity and extreme scale processing**

## Data Warehousing
- Performance eliminates storage data access bottleneck
- Unified I/O eliminates need for dedicated storage fabric

## Solid State Disks
- Low-latency provides efficient clustering and fast access to SSDs
- More storage performance with fewer storage arrays

## Native/Front-End
- Unified I/O replaces dedicated FC fabric
- Fewer components, cables to manage
- $1.8M in savings

## Back-End
- Equivalent throughput with half of the # of boxes

*Source: Mellanox Case Studies – www.mellanox.com
Efficient Scale-out Data Center from End-to-End

Ease of Use / Management
- Monitor / Analyze
- Optimize
- Troubleshoot

CPU Efficiency & Accelerated Application Performance
- Low Latency Sockets & RDMA
- Core-Direct, GPU-Direct
- Software Acceleration

Deterministic Network at Scale
- Adaptive Routing
- Congestion Control
- Quality of Service

Reliable Connection of Servers and Storage

Infrastructure Reduction 60%
Energy Cost Reduction 65%
Performance Increase 10X

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Financial Update

Michael Gray
CFO
Quarterly Revenue ($M)

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<th>Q2</th>
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<td>16.9</td>
<td>19.8</td>
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<td>22.6</td>
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<td>32.7</td>
<td>35.5</td>
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<td>40.0</td>
<td>37.8</td>
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<td>40.7</td>
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Quarterly Revenue for Q1 to Q4 from 2007 to 2010.
Positive Cash Flow from Operations

Cash Flow from Ops ($M)

<table>
<thead>
<tr>
<th>1H'07</th>
<th>2H'07</th>
<th>1H'08</th>
<th>2H'08</th>
<th>1H'09</th>
<th>2H'09</th>
<th>1H'10</th>
<th>2H'10</th>
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<td>11.7</td>
<td>14.2</td>
<td>13.5</td>
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<td>21.5</td>
<td>21.8</td>
<td>19.4</td>
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2007  2008  2009  2010
## Percentage-Based Income Statement (Non-GAAP)

<table>
<thead>
<tr>
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<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Gross Margin</td>
<td>75%</td>
<td>78%</td>
<td>76%</td>
<td>74%</td>
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<tr>
<td>R&amp;D</td>
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<td>31%</td>
<td>32%</td>
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<tr>
<td>SG&amp;A</td>
<td>21%</td>
<td>19%</td>
<td>20%</td>
<td>17%</td>
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<tr>
<td>Operating Expenses</td>
<td>48%</td>
<td>51%</td>
<td>51%</td>
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<tr>
<td>Operating Income</td>
<td>27%</td>
<td>27%</td>
<td>25%</td>
<td>25%</td>
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<tr>
<td>Non-GAAP Net Income</td>
<td>32%</td>
<td>30%</td>
<td>25%</td>
<td>24%</td>
</tr>
</tbody>
</table>
Financial Highlights

- Attractive historical revenue CAGR
- Addressing large TAM with low penetration rate to date
- Driving end-to-end connectivity solutions
- Strong gross margins
- Continuing cash flow generation
- “Rock solid” balance sheet: $253.3M cash / no debt
Investment Highlights

- Leading supplier of end-to-end connectivity solutions for servers and storage that optimize data center performance
- Providing compelling benefits to high-growth markets
- Major growth driven by InfiniBand leadership
  - Evolving data center I/O requirements providing growth in multiple vertical markets, such as financial services, database, Web 2.0-based applications, Internet and cloud.
  - Good penetration and adoption of InfiniBand into Fortune 100 and Fortune 500 companies
- Significant additional opportunity in 10Gb/s Ethernet
- Disruptive, game changing technology with VPI
Thank You