Corporate Update

Mellanox Interconnects Boost Business Performance

January 2013
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 10Qs 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.
Leading Supplier of End-to-End Interconnect Solutions

Server / Compute
- Virtual Protocol Interconnect
- 56G IB & FCoIB
- 10/40/56GbE & FCoE

Switch / Gateway
- Virtual Protocol Interconnect
- 56G InfiniBand
- 10/40/56GbE
- Fibre Channel

Storage Front / Back-End
- ConnectX
- ConnectIB

Comprehensive End-to-End InfiniBand and Ethernet Portfolio

ICs

Adapter Cards

Switches/Gateways

Host/Fabric Software

Cables
Company Overview

- Leading provider of high-throughput, low-latency server and storage interconnect
  - FDR 56Gb/s InfiniBand and 10/40/56GbE
  - Reduces application wait-time for data
  - Dramatically increases ROI on data center infrastructure

- Company headquarters:
  - Yokneam, Israel; Sunnyvale, California
  - ~1,160 employees* worldwide

- Solid financial position
  - Record revenue in FY12; $500.8M
  - Q1’13 guidance ~$78M to $83M
  - Cash + investments @ 12/31/12 = $426.3M

* As of December 2012
Positioned to Capture the “Big Data” Opportunity

High-Performance Computing

- Web 2.0 Storage
- Cloud Computing
  - Big Data
  - Financial Services
- Data Center
  - Database

The Digital Universe¹
Exponential Growth of Data

2011
1.8 zettabytes

2015
7.9 zettabytes

2015
CAGR = 45%

Proliferation of Data will be a Catalyst for Growth

¹ Source: IDC Digital Universe study, June 2011
Multi-Billion Dollar Total Available Market (TAM)

Servers 10.6M¹
- 1.9M HPC
- 2.2M in 2015, 8% CAGR
- 2.8M Web 2.0 & Cloud
- 3.5M in 2015, 11% CAGR
- 5.9M Enterprise Data Center
- 6.0M in 2015, 1% CAGR

Storage 3.4M¹
- 3.2M Front End
- 4.2M in 2015, 15% CAGR
- 0.2M Back End
- 0.4M in 2015, 24% CAGR

Embedded 0.6M²
- 0.7M in 2015, 6% CAGR

14.6M End Points = $5.8B TAM³ in 2013
16.8M End Points = $6.0B TAM⁴ in 2015

Source: ¹ IDC, Gartner; ² VDC Research;
³ Assumes $400 ASP per end point;
⁴ Assumes $360 ASP per end point
Top Tier OEMs, ISVs and Distribution Channels

<table>
<thead>
<tr>
<th>Hardware OEMs</th>
<th>Software Partners</th>
<th>Selected Channel Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Server</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>hp</td>
<td>Microsoft</td>
<td>ALTIMA</td>
</tr>
<tr>
<td>ORACLE</td>
<td>redhat.</td>
<td>AVNET</td>
</tr>
<tr>
<td>Dell</td>
<td>Novell.</td>
<td>hammer</td>
</tr>
<tr>
<td>IBM</td>
<td>Solaris</td>
<td>dsCon</td>
</tr>
<tr>
<td>ASUS</td>
<td>AIX L</td>
<td>hammer</td>
</tr>
<tr>
<td>Bull</td>
<td>HP-UX11</td>
<td>NetWeb Technologies</td>
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<td>Quanta</td>
<td>ORACLE</td>
<td>SAMBIO</td>
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<tr>
<td>SGI</td>
<td>VMware</td>
<td>Système</td>
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<tr>
<td>SUSE</td>
<td>HP DB2</td>
<td>SeaChange</td>
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<tr>
<td>Sun</td>
<td>TIBCO</td>
<td>Servants International</td>
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<tr>
<td><strong>Storage</strong></td>
<td></td>
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<tr>
<td>EMC</td>
<td>VMware</td>
<td>STORDIS</td>
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<tr>
<td>HP</td>
<td>HP-UX11</td>
<td>SysOne</td>
</tr>
<tr>
<td>IBM</td>
<td>Novell</td>
<td>Tech Data</td>
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<tr>
<td>NetApp</td>
<td>Solaris</td>
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<tr>
<td>ORACLE</td>
<td>AIX L</td>
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<td>DataDirect</td>
<td>HP-UX11</td>
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<td>Teradata</td>
<td>Novell</td>
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<td>SGI</td>
<td>Solaris</td>
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<td>Xyratex</td>
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<tr>
<td>LSI</td>
<td>HP-UX11</td>
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<tr>
<td><strong>Embedded</strong></td>
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<tr>
<td>Advantech</td>
<td>Autodesk</td>
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<tr>
<td>Dalsa</td>
<td>Informatica</td>
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<tr>
<td>Medical</td>
<td>Synopsys</td>
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<tr>
<td>Fujitsu</td>
<td>TIBCO</td>
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<tr>
<td>Mercury</td>
<td>Informatica</td>
<td></td>
</tr>
<tr>
<td>SeaChange</td>
<td>Synopsys</td>
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</tr>
</tbody>
</table>

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CPU technology development demands high-performance interconnect

Low-performance interconnects limit your competitive advantage

Balanced System = Uncompromised Performance
Interconnect Impacts Data Center Business Value

Data Center Trends
CPU Performance/Interconnect Performance

VPI – Virtual Protocol Interconnect (Ethernet and InfiniBand)

10 Years Performance Improvement

<table>
<thead>
<tr>
<th></th>
<th>CPU</th>
<th>Virtual Protocol Interconnect</th>
<th>Ethernet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>100X</td>
<td>100X</td>
<td>10X</td>
</tr>
</tbody>
</table>

Maximum Application Performance, Highest ROI

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Interconnect is Critical in Delivering Applications’ Data

Applications

CPUs

Memory/SSD

Storage System
Mellanox Boosts Application and Business Performance

Applications

- CPUs
- Memory/SSD

Storage System
I/O Offload Frees Up CPU for Application Processing

Without RDMA

User Space

~53% CPU Utilization

System Space

~47% CPU Overhead/Idle

With RDMA and Offload

User Space

~88% CPU Utilization

System Space

~12% CPU Overhead/Idle
Virtual Protocol Interconnect (VPI) Technology

ConnectX-3 VPI Adapter

- Ethernet: 10/40/56 Gb/s
- InfiniBand: 10/20/40/56 Gb/s
- PCI EXPRESS 3.0
- LOM
- Adapter Card
- Mezzanine Card

SwitchX-2 VPI Switch

- Unified Fabric Manager
- Switch OS Layer
- 64 ports 10GbE
- 36 ports 40/56GbE
- 48 10GbE + 12 40/56GbE
- 36 ports IB up to 56Gb/s
- 8 VPI subnets
- From data center to campus and metro connectivity

Applications
- Networking
- Storage
- Clustering
- Management

Acceleration Engines

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Industry’s Only End-to-End FDR 56Gb/s InfiniBand Provider

- **Highest performing interconnect**
  - Highest available bandwidth – 56Gb/s per port
  - Lowest end-to-end latency – <1us
  - End-to-end congestion control
  - Highest InfiniBand message rate: 137 million per second
  - Supports >256 cores per server

- **Superior application performance**
  - Big Data, Web 2.0, cloud, database, financial service, storage, etc.
  - Automotive, oil & gas, database mining, financial analysis, etc.

- **Best-in-class ROI**
  - High server utilization and productivity
  - Ultra-low power

### Comprehensive End-to-End FDR 56Gb/s InfiniBand Portfolio

<table>
<thead>
<tr>
<th>ICs</th>
<th>Adapter Cards</th>
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</thead>
<tbody>
<tr>
<td>![ICs Image]</td>
<td>![Adapter Cards Image]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Switches/Gateways</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Switches/Gateways Image]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Software</th>
<th>Cables</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Software Image]</td>
<td>![Cables Image]</td>
</tr>
</tbody>
</table>
Industry’s Only End-to-End 10/40/56GbE Provider

- Superior Ethernet performance
  - Fastest end-to-end Ethernet available
  - Lowest end-to-end latency
  - Backwards compatibility with 10GbE for infrastructure flexibility

- Required by multi-core CPUs, virtualization
  - Removes I/O bottlenecks that idles CPUs
  - Enables more full-performance VMs per server

- Best-in-class ROI
  - High server utilization and productivity
  - Leading low-power and density
Bandwidth

- 10Gb/s
- 20Gb/s
- 40Gb/s
- 56Gb/s
- 100Gb/s
- 160/200Gb/s

Latency

- 5 usec
- 2.5 usec
- 1.3 usec
- 0.7 usec
- 0.5 usec
- <0.5 usec

Same Software Interface
Mellanox Current Target Markets

**HPC**
- Up to 10X Performance and Simulation Runtime
- 33% Higher GPU Performance
- Unlimited Scalability

**Web 2.0**
- 2X Hadoop Performance
- 13X Memcached Performance
- 4X Price/Performance

**DB/Enterprise**
- 10X Database Query Performance
- 4X Faster VM Migration
- More VMs per Server and More Bandwidth per VM

**Cloud**
- 12X More Throughput
- Support More Users at Higher Bandwidth
- Improve and Guarantee SLAs

**Financial Services**
- Lowest Latency
- 62% Better Execution Time
- 42% Faster Messages Per Second

**Storage**
Mellanox storage acceleration software provides >80% more IOPS (I/O operations per second)
High-Performance Computing Market Leadership

- InfiniBand is the most used interconnect on the November 2012 TOP500 list
  - 224 systems, 45% of the TOP500 list
  - Positioned to expand in cloud and Web 2.0

- InfiniBand is the most used interconnect for Petascale systems
  - Mellanox InfiniBand is the only Petascale-proven solution

- FDR InfiniBand connected systems increased 2.3X on the November 2012 TOP500 list compared to June 2012
  - From 21 systems to 45 systems
  - FDR InfiniBand connects the fastest InfiniBand system on the list: #6 LRZ

FDR InfiniBand Maximizes Server and Storage System Potential

FDR InfiniBand Provides Extreme Performance
187 Teraflops with ONLY 648 Servers
Half the server count, double the performance from prior cluster
Unmatched ROI for Big Data and Web 2.0

**Big Data Analytics (e.g. Hadoop)**
- Run more jobs in parallel
- Faster rebalancing after node/link failure
- Faster data load into HDFS
- Ready for major increase in disks per node

**In-Memory Caching (e.g. Memcached)**
- More transactions per second
- Faster response/retrieval time
- More users/clients per server

**Price-Performance**
- More bandwidth at the same price
- Lower price per Gb/s
- Lower power per Gb/s

Source: Company testing for order of magnitude improvement data
Big Data: Double Hadoop Workloads on Same Cluster

- Hadoop (Terasort) benchmarks show 40%-50% runtime reduction
  - Mellanox 40GbE vs. competing 10GbE
  - Mellanox 10GbE + RDMA vs. competing 10GbE
Drive Higher Dollars Per Square Foot for Public Cloud

- Triple the number of Virtual Machines per server: from 20 to 60 VMs
- Higher storage density: 2X throughput and I/O Operations per Second (IOPS)
  - Atlantic.net achieves 2X cloud I/O performance vs. Amazon with less cost using InfiniBand
Enables Database Virtualization

- Customer cost saving and ease of management
  - Consolidate departmental database servers without performance penalties
50% CAPEX Reduction for Bing Maps

- High-performance system to support map image processing
- 10X performance improvement compared to previous systems
- Half the cost compared to 10GbE
- Mellanox end-to-end InfiniBand 40Gb/s interconnect solutions

Cost-Effective Accelerated Web 2.0 Services
97% Reduction In Database Recover Time

From 7 Days to 4 Hours!

- Mellanox FDR InfiniBand delivers 97% reduction in database recover time
  - From 7 days to 4 hours!

- Case: Tier-1 Fortune100 Web 2.0 company serving millions of mobile users
  - Enabling near real time response for mobile Web 2.0 users
InfiniBand Enables Lowest Application Cost in the Cloud

Microsoft Windows Azure
90.2% Cloud Efficiency
33% Lower Cost per Application

ORACLE Cloud
Application Performance
Improved up to 10X

PROFITBRICKS
The IaaS-Company.
3x Increase in VMs per Physical Server
Consolidation of Network and Storage I/O

atlantic.net
32% Lower Cost per Application
694% Higher Network Performance

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10X Performance with Mellanox for Oracle

Accelerated and Connected by Mellanox End-to-End InfiniBand Solutions

- Exadata (database in-memory appliance)
- Exalogic (cloud computing appliance)
- Exalytics (Big Data)
- ZFS (InfiniBand storage)
- SuperCluster (Data Center in a box)

Reduced hardware costs by a factor of 5X

Improved performance by a factor of 10X

Superior Database and Cloud Interconnect Performance
Increases Storage Return on Investment

- Faster access to storage and highest throughput
- Full utilization of flash and other fast storage investments
- Triple number of hard drives – same number of servers
Financial Overview
## Key non-GAAP Financials

<table>
<thead>
<tr>
<th></th>
<th>3 months ended December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$122.1M</td>
</tr>
<tr>
<td>Y-o-Y growth</td>
<td>68.0%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>70.0%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>29.6%</td>
</tr>
<tr>
<td>Net margin</td>
<td>25.1%</td>
</tr>
<tr>
<td>EPS (diluted)</td>
<td>$0.69</td>
</tr>
<tr>
<td>Cash Flow from Ops</td>
<td>$25.4M</td>
</tr>
</tbody>
</table>

1For a reconciliation of non-GAAP to GAAP financial measures, reference the Company’s Q4’12 financial results press release

Source: Company filings
Historical Annual Revenue Growth

Annual Revenue ($M)

<table>
<thead>
<tr>
<th>Year</th>
<th>YoY%</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>73.2%</td>
<td>84.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>28.1%</td>
<td>107.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>7.7%</td>
<td>116</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>33.3%</td>
<td>154.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>67.6%</td>
<td>259.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>93.2%</td>
<td>500.8</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

CAGR over the past 5 years ~ 43%

Source: Company financial statements
Historical Quarterly Revenue Growth

Quarterly Revenue ($M)

Source: Company financial statements
Positive Cash Flow from Operations

Cash Flow from Ops ($M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>31.0</td>
</tr>
<tr>
<td>2009</td>
<td>32.8</td>
</tr>
<tr>
<td>2010</td>
<td>41.2</td>
</tr>
<tr>
<td>2011</td>
<td>63.1</td>
</tr>
<tr>
<td>2012</td>
<td>182.5</td>
</tr>
</tbody>
</table>

Cash and Investments @ December 31, 2012 = $426.3M¹

¹Cash and investments include $6.6m in restricted cash
Attractive Margin Profile (Non-GAAP)

### Percentage-Based Income Statement (Non-GAAP$^1$)

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>Long term model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>70%</td>
<td>65% - 69%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>24%</td>
<td>26% - 30%</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>14%</td>
<td>15% - 18%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>33%</td>
<td>24% - 29%</td>
</tr>
<tr>
<td>Net Income</td>
<td>31%</td>
<td>23% - 28%</td>
</tr>
</tbody>
</table>

Strategy is to drive revenue and earnings growth rates with end-to-end solutions, expand distribution channels and enhance product offerings

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$^1$For a reconciliation of non-GAAP to GAAP financial measures, please reference the Company’s 4Q12 financial results press release.

Source: Company financial statements
Summary

- Interconnect technology is critical for business performance
  - Increases application productivity and ROI

- Interconnect market has shown consistent growth
  - In HPC, Web 2.0, storage, database, cloud and Big Data markets

- Mellanox uniquely positioned to continue leading the market
  - Provider of fastest interconnect technology currently available
  - Strong partnerships, channel relationships
  - Providing compelling benefits to multiple, high growth markets

- Demonstrated revenue growth, strong cash flow and increasing profitability with attractive gross margins
  - Solid revenue growth (~43% CAGR) over the last 5 years
  - Products address large $5.8 billion TAM
Thank You