CONTENTS

From the CEO ........................................................................................................................................... 3
Overview ...................................................................................................................................................... 4
Organizational Profile ............................................................................................................................... 7
Governance .................................................................................................................................................. 10
Measure of Performance ............................................................................................................................ 12
  - Economic, Environmental and Societal
FROM THE CEO

Mellanox Technologies, Ltd. is dedicated to conducting its business consistent with the highest standards of business ethics. We have an obligation to our employees, shareholders, customers, suppliers, community representatives and other business contacts to be honest, fair and forthright in all of our business activities.

Eyal Waldman
President and CEO
Mellanox Technologies
Mellanox gives high priority to various aspects of sustainability — economic, environmental and societal.

OVERVIEW

Mellanox’s goal is to be the leading supplier of end-to-end interconnect solutions for servers and storage that optimize data center performance for computing, storage and communications applications. To accomplish this goal, we intend to:

- **Continue to develop leading, high-performance interconnect products.** We will continue to expand our technical expertise and customer relationships to develop leading interconnect products. We are focused on extending our leadership position in high-performance interconnect technology and pursuing a product development plan that addresses emerging customer and end-user demands and industry standards. In order to expand our market opportunity, we have added products that are compatible with the Ethernet interconnect standard in addition to InfiniBand. These products will allow our customers to capture certain advantages of InfiniBand while providing connectivity to Ethernet-based infrastructure equipment. Our unified software strategy is to use a single software stack to support connectivity to InfiniBand and Ethernet with the same VPI enabled hardware adapter device.

- **Facilitate and increase the continued adoption of InfiniBand.** We will facilitate and increase the continued adoption of InfiniBand in the high-performance interconnect marketplace by expanding our partnerships with key vendors that drive high-performance interconnect adoption, such as suppliers of processors, operating systems and other associated software. In conjunction with our OEM customers, we will expand our efforts to promote the benefits of InfiniBand and VPI directly to end users to increase demand for high-performance interconnect solutions.

- **Expand our presence with existing server OEM customers.** We believe the leading server vendors are influential drivers of high-performance interconnect technologies to end users. We plan to continue working with and expanding our relationships with server OEMs to increase our presence in their current and future product platforms.

- **Broaden our customer base with storage, communications infrastructure and embedded systems OEMs.** We believe there is a significant opportunity to expand our global customer base with storage, communications infrastructure and embedded systems OEMs. In storage solutions specifically, we believe our products are well suited to replace existing technologies such as Fibre Channel. We believe our products are the basis of superior interconnect fabrics for unifying disparate storage interconnects, including back-end, clustering and front-end connections, primarily due to their ability to be a unified fabric and superior price/performance economics.
• **Leverage our fabless business model to deliver strong financial performance.** We intend to continue operating as a fabless semiconductor company and consider outsourced manufacturing of our ICs, adapter cards and switches to be a key element of our strategy. Our fabless business model offers flexibility to meet market demand and allows us to focus on delivering innovative solutions to our customers. We plan to continue to leverage the flexibility and efficiency offered by our business.

Mellanox requires all its employees to comply with and to annually sign the company’s Code of Business, Conduct, and Ethics (the “Code”), which promotes Mellanox’s core values: **Professionalism, Accountability, Quality, Results, Commitment, and Integrity**.

The Code reflects also how Mellanox employees seek sustainability for society by clearly describing Mellanox’s policy and practices in terms of human rights, labor practices, community, environment and other aspects. Mellanox is committed to providing a safe and healthful workplace, protecting the environment and conserving energy and natural resources.

For example, Mellanox is an Equal Opportunity Employer that does not discriminate on the basis of actual or perceived race, color, national origin, ancestry, sex, gender, gender identity, pregnancy, childbirth or related medical condition, religious creed, physical disability, mental disability, age, medical condition, marital status, sexual orientation, veteran status, genetic characteristics, gender identity/expression or any other characteristics protected by federal, state or local law.

Aside from the facilities and measures taken to ensure a safe and healthful workplace, Mellanox develops and maintains employees’ awareness to their surrounding environment, where every employee (and contractor) is expected to follow Mellanox’s policy and report on any environmental, health or safety issue to Mellanox Management or Mellanox’s Safety & Security team.
Mellanox is committed to help foster and maintain healthy and sustainable local communities and to encourage excellence.

On the environmental side, Mellanox promotes greener solutions that help conserve natural resources by developing energy-efficient products that are safe for the environment, and which can be reused, recycled or disposed of safely. In addition, all of Mellanox’s Tier-1 manufacturers comply with ISO14000. Some manufacturers also comply with QC080000 (hazardous substance management).

Mellanox also works to minimize waste; to prevent air, water, and other pollutions; and to dispose waste safely and responsibly. This is achieved by actively fulfilling governmental and acceptable industry environmental requirement to the fullest, and also by increasing employee awareness for environmental protection and sustainment.

In this respect, we can describe several environmental projects that have been undertaken in Mellanox’s new “green design” headquarters in Yokneam, Israel:

- **AC Systems** – based on water cooling chillers in a closed system preventing GHG; reuse water and flow it back to the chillers; use R134a with an ozone depletion potential (ODP) factor of zero (0.0) and a direct global warming potential (GWP) factor of 0.26.

- **Energy Conservation** – the building has an energy management system that shuts down AC and lights together using motion sensors and a building control management system; during low activity, power consumption is kept to the minimum required for business continuity; periodic patrols are conducted to map energy use and to shut down inactive areas; street lights outside the building are sun-light controlled.

- **Water Conservation** – rain water is used to fill water reservoir and fire dept. emergency hold; reuse of filtered water for plants irrigation and cleaning; wide use of automatic faucets.

- **Recycling** – separation and recycling of paper, cardboard, plastic bottles, batteries.

- **Green Printers** – operated by personal tag and page counter.

- **Moving to Paperless** – official forms are distributed and signed electronically unless physical copies are required by law or for personal reasons.

Mellanox is also committed to help foster and maintain healthy and sustainable local communities and to encourage excellence. We have concentrated our community support in several key areas including education, health, community development, and culture. Our commitment to building a better future has never been stronger.
ORGANIZATIONAL PROFILE

We are a fabless semiconductor company that designs, manufactures and sells high-performance interconnect products and solutions primarily based on the InfiniBand and Ethernet standards. Our products facilitate efficient data transmission between servers, storage systems, communications infrastructure equipment and other embedded systems. We operate our business globally and offer products to customers at various levels of integration.

The products we offer include integrated circuits (“ICs”), adapter cards switch and gateway systems, long-haul systems, cables, modules, software, and services.

Main Divisions: R&D, Sales, Marketing, General and Administration

Main Operating Companies:
- Mellanox Technologies, Ltd.
- Mellanox Technologies, Inc. (including Kotura, Inc.)
- Mellanox Technologies Distribution Ltd.
- Mellanox Technologies TLV Ltd.

Public company traded on Nasdaq (ticker: MLNX)
Mellanox has seven offices worldwide.

Number of Employees as of end of 2013

1,439
ORGANIZATIONAL PROFILE

Markets Served

Enterprise Data Center, High-Performance Computing, Cloud, Web 2.0, Financial Services, and embedded end-user markets for systems utilizing our products are mainly served by leading server, storage and communications infrastructure OEMs.

In addition, our worldwide customer base includes leading embedded systems OEMs that integrate computing, storage and communication functions that use high-performance interconnect solutions contained in a chassis which has been optimized for a particular environment.

Changes during 2013 in structure and ownership

2 ACQUISITIONS

IPtronic - Denmark
Kotura - California, USA


+ Opened a site in Taiwan
Expanded our sites in China and California, USA
Opened new sites in Denmark and Washington, USA

2013 Awards

November 19, 2013 7 HPCwire Readers and Editors Choice Awards
November 13, 2013 Mellanox Technologies named one of the Fastest Growing Companies in Deloitte’s 2013 Technology Fast 500 Rankings
April 2, 2013 Mellanox Named as one of the Hottest Companies in Silicon Valley by Lead411
February 19, 2013 12 ITBrand Market, Innovation, Reliability and Performance Leader Awards
GOVERNANCE

Board of Directors

2013 Chairman of the Board: Mr. Irwin Federman

The Board of Directors is comprised of seven members. Except for Mellanox CEO, Eyal Waldman, all directors are considered independent.

The Mellanox Board of Directors sets high standards for the company’s employees, officers and directors. Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and to oversee the management of the company’s business.

To fulfill its responsibilities and to discharge its duty, the Board of Directors follows the procedures and standards that are set forth in these guidelines. These guidelines are subject to modification from time to time as the Board of Directors deems appropriate in the best interests of the company or as required by applicable laws and regulations.

The Board of Directors has established several committees:

- Audit
- Compensation
- Nominating & corporate governance
- Technology

For information on how shareholders and employees can provide recommendations to the Board of Directors, see http://ir.mellanox.com/contactBoard.cfm
Stakeholder Engagement

Mellanox Technologies has an integrated history of environmental commitment and continues to advance its environmental policy. All of Mellanox’s manufacturing partners are ISO 14001 certified.

Mellanox works with its suppliers, vendors and contractors to ensure the working conditions in our supply chain are safe, affected workers are treated with respect and dignity, and applicable production processes are environmentally and socially responsible.

In order to ensure our relationship with suppliers/vendors meets and supports these expectations, Mellanox strongly encourages its suppliers to acknowledge and support Mellanox’s Business Code of Conduct (the “Code”). Mellanox’s process for selecting qualified suppliers, vendors and contractors takes into consideration stakeholders that are managed in a socially and environmentally responsible manner consistent with the provisions of this Code.

Mellanox strives to be a “conflict minerals free” company and regularly reviews and checks the processes throughout its supply chain to ensure its products are and remain free of conflict minerals. Mellanox requires that suppliers whose products contain tantalum, tin, gold or tungsten to provide written evidence of due diligence (EICC-GeSI Conflict Minerals template) that traces these minerals back through their supply chain, and to confirm their source is not from the conflict region – DRC.

Mellanox expects suppliers to take similar measures with their suppliers to ensure compliance throughout the supply chain of these “conflict minerals” used in their parts/components/material. Mellanox has incorporated the principles of the conflict minerals requirements into its business practices, and our new suppliers approval process was adjusted to include a conflict minerals check. Mellanox communicates this policy to its suppliers and encourages them to set similar policies for their supply chain.

Identification

Mellanox chooses its main suppliers carefully to ensure their technical, managerial and financial capability, and comply with Mellanox quality requirements. These capabilities are inspected by supplier evaluation through questionnaire, certifications, product specifications, audits and periodical scoring.
MEASURE OF PERFORMANCE

Economic

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$390.9M</td>
<td>$500.8M</td>
</tr>
<tr>
<td>Operating Cost</td>
<td>$275,957K</td>
<td>$224,555K</td>
</tr>
<tr>
<td>Cash &amp; Investments</td>
<td>$426.3M</td>
<td>$330.2M</td>
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Environmental

Data refers to primary Israel site. 2013 results are expected to be available by the end of Q1/2014.

Average Energy Consumption

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>$1,404 per year</td>
<td>$1,543 per year*</td>
</tr>
<tr>
<td>per employee</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Goal: Reduction of 1% in 2013

Water Consumption

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>6.6 liters per day</td>
<td>7 liters per day*</td>
</tr>
<tr>
<td>per employee</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Goal: Achieve water conservation scale-up

CO₂ Emissions

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>13.1</td>
<td>12.6</td>
</tr>
<tr>
<td>(ton/employee for 2012)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ton/employee for 2013)</td>
<td></td>
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</table>

Goal: Maintain CO₂ emission levels per employee in spite of the company’s growth.

Non-Hazardous Waste Recycling

<table>
<thead>
<tr>
<th></th>
<th>2012: 62.5%</th>
<th>2013: 64.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOAL</td>
<td>maintain 60%+</td>
<td></td>
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</tbody>
</table>

Addition of fab required increased water and raised usage per employee.
Societal

Community Contribution

Mellanox commits to two excellence projects per year. We currently are active in a 3-year plan with the Future Scientists program. This is a cutting-edge educational program conceived by President Shimon Peres which aims to cultivate a new generation of future Israeli inventors, scientists and engineers.

Company Culture & Fair Labor Practices

<table>
<thead>
<tr>
<th>CODE OF ETHICS</th>
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<tbody>
<tr>
<td>Employees who have signed the company Code of Ethics</td>
</tr>
<tr>
<td>GOAL</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MINORITY EMPLOYMENT</th>
</tr>
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<tbody>
<tr>
<td>Arab minority in Israel that Mellanox employed in 2013</td>
</tr>
<tr>
<td>GOAL in 2014 is to preserve or increase that percentage.</td>
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