

NETLOGIC MICROSYSTEMS, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)  
 (UNAUDITED)

	Three months ended		Year ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Revenue	\$ 32,254	\$ 21,017	\$ 109,033	\$ 96,806
Cost of revenue*	<u>16,697</u>	<u>7,382</u>	<u>44,732</u>	<u>36,762</u>
Gross profit	<u>15,557</u>	<u>13,635</u>	<u>64,301</u>	<u>60,044</u>
Operating expenses:				
Research and development*	13,410	9,220	45,175	36,578
In-process research and development	1,610	-	1,610	10,700
Selling, general and administrative*	<u>6,039</u>	<u>3,898</u>	<u>19,672</u>	<u>15,455</u>
Total operating expenses	<u>21,059</u>	<u>13,118</u>	<u>66,457</u>	<u>62,733</u>
Income (loss) from operations	(5,502)	517	(2,156)	(2,689)
Interest and other income, net	<u>703</u>	<u>1,120</u>	<u>4,463</u>	<u>3,740</u>
Income (loss) before income taxes	(4,799)	1,637	2,307	1,051
Provision for income taxes	<u>38</u>	<u>103</u>	<u>(288)</u>	<u>459</u>
Net income (loss)	<u>\$ (4,837)</u>	<u>\$ 1,534</u>	<u>\$ 2,595</u>	<u>\$ 592</u>
Net income (loss) per share - Basic	<u>\$ (0.23)</u>	<u>\$ 0.08</u>	<u>\$ 0.13</u>	<u>\$ 0.03</u>
Net income (loss) per share - Diluted	<u>\$ (0.23)</u>	<u>\$ 0.07</u>	<u>\$ 0.12</u>	<u>\$ 0.03</u>
Shares used in calculation - Basic	<u>21,059</u>	<u>20,163</u>	<u>20,747</u>	<u>19,758</u>
Shares used in calculation - Diluted	<u>21,059</u>	<u>21,147</u>	<u>21,938</u>	<u>21,107</u>

\*Includes the following amounts of stock-based compensation (in thousands):

	Three months ended		Year ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Cost of revenue	\$ 228	\$ 161	\$ 747	\$ 548
Research and development	3,261	1,976	9,933	7,481
Selling, general and administrative	<u>1,699</u>	<u>1,020</u>	<u>5,366</u>	<u>3,878</u>
Total	<u>\$ 5,188</u>	<u>\$ 3,157</u>	<u>\$ 16,046</u>	<u>\$ 11,907</u>

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NETLOGIC MICROSYSTEMS, INC.				
RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP NET INCOME				
(IN THOUSANDS)				
(UNAUDITED)				
	Three months ended		Year ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
GAAP net income (loss)	\$ (4,837)	\$ 1,534	\$ 2,595	\$ 592
Reconciling items:				
Stock-based compensation	5,188	3,157	16,046	11,907
In-process research and development	1,610	-	1,610	10,700
Amortization of intangible assets	3,927	325	5,211	1,974
Fair value adjustment related to the acquired inventory	1,710	-	1,791	288
Release of deferred tax asset valuation allowance	-	-	(28,674)	-
Tax effect of intercompany license agreement	-	-	28,140	-
Non-GAAP net income	\$ 7,598	\$ 5,016	\$ 26,719	\$ 25,461
NETLOGIC MICROSYSTEMS, INC.				
RECONCILIATION OF GAAP DILUTED NET INCOME (LOSS) PER SHARE TO				
NON-GAAP DILUTED NET INCOME PER SHARE				
(UNAUDITED)				
	Three months ended		Year ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Diluted:				
GAAP net income (loss) per share	\$ (0.23)	\$ 0.07	\$ 0.12	\$ 0.03
Reconciling items:				
Stock-based compensation	0.23	0.15	0.72	0.55
In-process research and development	0.07	-	0.07	0.50
Amortization of intangible assets	0.17	0.01	0.23	0.09
Fair value adjustment related to the acquired inventory	0.07	-	0.08	0.01
Release of deferred tax asset valuation allowance	-	-	(1.29)	-
Tax effect of intercompany license agreement	-	-	1.27	-
Difference in shares count between diluted GAAP and diluted non-GAAP calculations	0.02	-	-	-
Non-GAAP net income per share - Diluted	\$ 0.33	\$ 0.23	\$ 1.20	\$ 1.18



NETLOGIC MICROSYSTEMS, INC.  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (IN THOUSANDS)  
 (UNAUDITED)

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 50,689	\$ 50,752
Short-term investments	-	39,127
Accounts receivable, net	14,838	7,736
Inventory	12,937	10,703
Prepaid expenses and other current assets	13,814	1,387
Total current assets	92,278	109,705
Property and equipment, net	5,745	5,530
Goodwill	55,802	37,069
Intangible asset	52,837	5,362
Other assets	111	103
Total assets	\$ 206,773	\$ 157,769
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 7,093	\$ 4,930
Accrued liabilities	13,286	7,353
Deferred revenue	317	54
Capital lease obligations, current	2,528	1,382
Total current liabilities	23,224	13,719
Capital lease obligations, long-term	-	1,243
Other liabilities	11,661	283
Total liabilities	34,885	15,245
Stockholders' equity:		
Common stock and additional paid-in capital	251,454	224,851
Deferred stock-based compensation	-	(182)
Accumulated other comprehensive income (loss)	(8)	8
Accumulated deficit	(79,558)	(82,153)
Total stockholders' equity	171,888	142,524
Total liabilities and stockholders' equity	\$ 206,773	\$ 157,769