**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**



**FORM 8-K**



**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)**

**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 2, 2017**



**MARVELL TECHNOLOGY GROUP LTD.**

**(Exact name of registrant as specified in its charter)**



**Bermuda**

**000-30877**

**77-0481679**

**(State or other jurisdiction**

**of incorporation)**

**(Commission**

**File Number)**

**(I.R.S. Employer**

**Identification No.)**

**Canon’s Court**

**22 Victoria Street**

**Hamilton HM 12**

**Bermuda**

**(Address of principal executive offices)**

**(441) 296-6395**

**(Registrant’s telephone number, including area code)**

**N/A**

**(Former name or former address, if changed since last report.)**



Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

* Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
* Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
* Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
* Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



**Item 2.02** **Results of Operations and Financial Condition.**

*The information in Item 2.02 of this Current Report, including the accompanying Exhibit 99.1, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of Section 18. The information in Item 2.02 of this Current Report shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language contained in such filing.*

On March 2, 2017, Marvell Technology Group Ltd. (“Marvell”) issued a press release reporting its financial results for the fourth fiscal quarter and fiscal year 2017 ended January 28, 2017. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated by reference herein.

Marvell will conduct a conference call on Thursday, March 2, 2017 at 1:45 p.m. Pacific Time to discuss results for the fourth quarter and full year fiscal 2017. Interested parties may join the conference call by dialing 1-844-647-5488 or 1-615-247-0258, pass-code 67685468. The call will be webcast by Thomson Reuters and can be accessed at the Marvell Investor Relations website at http://investor.marvell.com/ with a replay available following the call until April 2, 2017.

**Item 9.01** **Financial Statements and Exhibits.**

1. Exhibits.

99.1 Press Release dated March 2, 2017

2

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 2, 2017

MARVELL TECHNOLOGY GROUP LTD.

By: /s/ Jean Hu



Jean Hu

*Chief Financial Officer*

3

**EXHIBIT INDEX**

Exhibit

No. Description

99.1 Press Release dated March 2, 2017

**Exhibit 99.1**



**Marvell Technology Group Ltd. Reports Fourth Quarter and Fiscal Year 2017**

**Financial Results**

* Q4 Revenue: $571 Million
* Q4 GAAP gross margin of 57.3%; Non-GAAP gross margin of 57.6%
* Q4 GAAP diluted loss per share from continuing operations of ($0.15); Non-GAAP diluted earnings per share from continuing operations of $0.22
* Cash and short-term investments: $1.67 Billion

**Santa Clara, Calif. (March 2, 2017)** — Marvell Technology Group Ltd. (NASDAQ: MRVL), a leader in storage, networking, and wireless connectivitysemiconductor solutions, today reported financial results for the fourth fiscal quarter and the full fiscal year, ended January 28, 2017. Revenues for the fourth quarter of fiscal 2017 were $571 million, which exceeded the midpoint of the Company’s guidance provided on November 17, 2016.

GAAP net loss from continuing operations for the fourth quarter of fiscal 2017 was $77 million, or ($0.15) per share. Non-GAAP net income from continuing operations for the fourth quarter of fiscal 2017 was $114 million, or $0.22 per diluted share. Cash flow from operations for the quarter was $119 million.

Revenue for fiscal year 2017 was $2.3 billion. GAAP net income from continuing operations for the full year was $44 million or $0.09 per diluted share.

Non-GAAP net income from continuing operations for the full year was $331 million, or $0.63 per diluted share.

“Marvell delivered another strong performance in Q4’17, which demonstrates our team’s ongoing commitment to the Company’s transformation and the growing power of our business model,” said Matt Murphy, President and Chief Executive Officer. “Our performance also demonstrates the strength of our portfolio in the data storage, network infrastructure and wireless connectivity markets, which are core to our business.”

**First Quarter of Fiscal 2018 Financial Outlook**

* Revenue is expected to be $570 million plus or minus 2%, better than normal seasonality.
* GAAP and Non-GAAP Gross Margins are expected to be approximately 59%.
* GAAP Operating Expenses are expected to be $250 million to $265 million.
* Non-GAAP Operating Expenses are expected to be $220 million to $225 million.
* GAAP Diluted EPS from continuing operations are expected to be in the range of $0.12 to $0.18.
* Non-GAAP Diluted EPS from continuing operations are expected to be in the range of $0.19 to $0.23.

**Discontinued Operations**

The Company’s financial results for prior periods presented herein have been recast to reflect certain businesses that were classified as discontinued operations during the fourth quarter of fiscal year 2017.

**Conference Call**

Marvell will conduct a conference call on Thursday, March 2, 2017 at 1:45 p.m. Pacific Time to discuss results for the fourth quarter and full fiscal year 2017. Interested parties may join the conference call by dialing 1-844-647-5488 or 1-615-247-0258, pass-code 67685468. The call will be webcast by Thomson Reuters and can be accessed at the Marvell Investor Relations website at http://investor.marvell.com/ with a replay available following the call until March 10, 2017.

**Investor Day**

Marvell will hold its 2017 Investor Day at the St. Regis Hotel in New York City on March 10, 2017 from 9:30 a.m. – 12:30 p.m. Eastern Time. The live webcast and presentation materials will be available at www.marvell.com/investors. During the presentation, Marvell’s leadership team will provide an update on the company’s strategy, business and products, and answer questions from attendees.

**Discussion of Non-GAAP Financial Measures**

Non-GAAP financial measures exclude the effect of share-based compensation expense, amortization and write-off of acquired intangible assets, acquisition-related costs, restructuring and other related charges, litigation settlement, and certain expenses and benefits that are driven primarily by discrete events that management does not consider to be directly related to Marvell’s core operating performance. Non-GAAP diluted net income per share from continuing operations is calculated by dividing Non-GAAP net income from continuing operations by Non-GAAP weighted average shares outstanding (diluted). For purposes of calculating Non-GAAP diluted net income per share, the GAAP weighted average shares outstanding (diluted)

is adjusted to exclude the potential benefits of share-based compensation expected to be incurred in future periods but not yet recognized in the financial statements. The expected compensation costs are treated as additional proceeds assumed to be used to repurchase shares under the GAAP treasury stock method.

Marvell believes that the presentation of Non-GAAP financial measures provide important supplemental information to management and investors regarding financial and business trends relating to Marvell’s financial condition and results of operations. While 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, financial measures calculated in accordance with GAAP. 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.

Externally, management believes that investors may find Marvell’s Non-GAAP financial measures useful in their assessment of Marvell’s operating performance and the valuation of Marvell. Internally, Marvell’s Non-GAAP financial measures are used in the following areas:

* Management’s evaluation of Marvell’s operating performance;
* Management’s establishment of internal operating budgets;
* Management’s performance comparisons with internal forecasts and targeted business models; and
* Management’s determination of the achievement and measurement of certain performance-based equity awards (adjustments may vary from award to award).

Non-GAAP financial measures have limitations in that they do not reflect all of the costs associated with the operations of Marvell’s business as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of Marvell’s results as reported under GAAP. Marvell expects to continue to incur expenses similar to the Non-GAAP adjustments described above, and exclusion of these items from Marvell’s Non-GAAP net income should not be construed as an inference that these costs are unusual, infrequent or non-recurring.

**Forward-Looking Statements under the Private Securities Litigation Reform Act of 1995**

This press release contains forward-looking statements within the meaning of the federal securities laws that involve risks and uncertainties, including: Marvell’s expectations regarding its first quarter of fiscal 2018 financial outlook; and Marvell’s use of Non-GAAP financial measures as important supplemental information. Words such as “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “seeks,” “estimates,” “can,” “may,” “will,” “would” and similar expressions identify such forward-looking statements. These statements are not guarantees of results and should not be considered as an indication of future activity or future performance. Actual events or results may differ materially from those described in this press release due to a number of risks and uncertainties, including, but not limited to: adverse impacts of litigation or regulatory activities; Marvell’s ability to implement its restructuring in a timely manner; the amount and timing of anticipated charges associated with the restructuring; Marvell’s ability to increase its operational efficiency and decrease its operating expenses to the anticipated level; its ability to divest certain non-strategic businesses within the anticipated timeframes and with the anticipated cost savings; actions that may be taken by Marvell as a result of the Audit Committee’s investigation; Marvell’s ability to compete in products and prices in an intensely competitive industry; Marvell’s reliance on the hard disk drive and wireless markets, which are highly cyclical and intensely competitive; costs and liabilities relating to current and future litigation; Marvell’s reliance on a few customers for a significant portion of its revenue; severe financial hardship or bankruptcy of one or more of Marvell’s major customers; Marvell’s ability to develop and introduce new and enhanced products in a timely and cost effective manner and the adoption of those products in the market; seasonality in sales of consumer devices in which Marvell’s products are incorporated; uncertainty in the worldwide economic conditions; risks associated with manufacturing and selling a majority of Marvell’s products and Marvell’s customers’ products outside of the United States; risks associated with acquisition and consolidation activity in the semiconductor industry; and other risks detailed in Marvell’s SEC filings from time to time. For other factors that could cause Marvell’s results to vary from expectations, please see the risk factors identified in Marvell’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 29, 2016 as filed with the SEC on December 6, 2016, and other factors detailed from time to time in Marvell’s filings with the SEC. Marvell undertakes no obligation to revise or update publicly any forward-looking statements.

**About Marvell**

Marvell first revolutionized the digital storage industry by moving information at speeds never thought possible. Today, that same breakthrough innovation remains at the heart of the Company’s storage, network

infrastructure, and wireless connectivity solutions. With leading intellectual property and deep system-level knowledge, Marvell’s semiconductor solutions continue to transform the enterprise, cloud, automotive, industrial, and consumer markets. To learn more, visit: www.marvell.com.

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**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Operations**

**(Unaudited)**

**(In thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended** | | | | |  |  |  |  |  | **Year Ended** | | | | | |  |
|  |  | **January 28,** | | |  | **October 29,** | | | **January 30,** | |  |  | **January 28,** | | |  | **January 30,** | |  |  |
|  |  |  | **2017** |  |  |  | **2016** |  |  | **2016** |  |  |  | **2017** |  |  |  | **2016** |  |  |
|  | Net revenue | $ | 571,400 |  |  | $ | 626,092 |  | $ | 602,513 |  |  | $ | 2,317,674 |  |  | $ | 2,649,216 |  |  |
|  | Cost of goods sold |  | 243,883 |  |  |  | 268,313 | |  | 292,288 | |  |  | 1,029,527 |  |  |  | 1,442,517 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit |  | 327,517 |  |  |  | 357,779 | |  | 310,225 | |  |  | 1,288,147 |  |  |  | 1,206,699 | |  |
|  | Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Research and development |  | 228,669 |  |  |  | 209,905 | |  | 225,577 | |  |  | 880,050 | |  |  | 1,041,922 | |  |
|  | Selling and marketing |  | 29,154 | |  |  | 29,237 | |  | 29,849 | |  |  | 118,311 | |  |  | 126,113 | |  |
|  | General and administrative |  | 80,347 | |  |  | 28,754 | |  | 37,566 | |  |  | 181,416 | |  |  | 804,071 | |  |
|  | Amortization and write-off of acquired intangible assets |  | 1,480 |  |  |  | 2,299 | |  | 2,300 | |  |  | 8,376 | |  |  | 10,098 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total operating expenses |  | 339,650 |  |  |  | 270,195 | |  | 295,292 | |  |  | 1,188,153 |  |  |  | 1,982,204 | |  |
| Operating income (loss) | |  | (12,133) |  |  |  | 87,584 |  |  | 14,933 |  |  |  | 99,994 |  |  |  | (775,505) |  |  |
|  | Interest and other income, net |  | 3,780 |  |  |  | 5,470 | |  | 1,084 | |  |  | 17,022 | |  |  | 17,685 | |  |
| Income (loss) from continuing operations before income taxes | |  | (8,353) |  |  |  | 93,054 |  |  | 16,017 |  |  |  | 117,016 |  |  |  | (757,820) |  |  |
|  | Provision (benefit) for income taxes |  | 68,524 | |  |  | 15,600 | |  | (1,156) | |  |  | 73,022 | |  |  | 11,335 | |  |
| Income (loss) from continuing operations | |  | (76,877) |  |  |  | 77,454 |  |  | 17,173 |  |  |  | 43,994 |  |  |  | (769,155) |  |  |
|  | Loss from discontinued operations, net of tax |  | (3,214) | |  |  | (4,838) | |  | (12,973) | |  |  | (22,843) | |  |  | (42,245) | |  |
| Net income (loss) | | $ | (80,091 | ) |  | $ | 72,616 |  | $ | 4,200 |  |  | $ | 21,151 |  |  | $ | (811,400 | ) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net income (loss) per share — Basic: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Continuing operations | $ | (0.15) | | $ | | 0.15 | | $ | 0.03 | | $ | | 0.09 | | $ | | (1.51) | |  |
|  | Discontinued operations |  | (0.01) | |  |  | (0.01) | |  | (0.02) | |  |  | (0.05) | |  |  | (0.08) | |  |
| Net income (loss) per share basic | | $ | (0.16 | ) |  | $ | 0.14 |  | $ | 0.01 |  |  | $ | 0.04 |  |  | $ | (1.59) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net income (loss) per share — Diluted: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Continuing operations | $ | (0.15) | | $ | | 0.15 | | $ | 0.03 | | $ | | 0.09 | | $ | | (1.51) | |  |
|  | Discontinued operations |  | (0.01) | |  |  | (0.01) | |  | (0.02) | |  |  | (0.05) | |  |  | (0.08) | |  |
| Net income (loss) per share diluted | | $ | (0.16 | ) |  | $ | 0.14 |  | $ | 0.01 |  |  | $ | 0.04 |  |  | $ | (1.59) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Shares used in computing basic earnings (loss) per share |  | 507,834 |  |  |  | 511,090 | |  | 506,352 | |  |  | 509,738 | |  |  | 510,945 | |  |
|  | Shares used in computing diluted earnings (loss) per share |  | 507,834 |  |  |  | 522,091 | |  | 508,590 | |  |  | 517,513 | |  |  | 510,945 | |  |

**Marvell Technology Group Ltd.**

**Condensed Consolidated Balance Sheets**

**(Unaudited)**

**(In thousands)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **January 28,** | | | |  | **January 30,** | | |  |
|  |  | **2017** |  |  |  |  | **2016** |  |  |
| **Assets** |  |  |  |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |  |  |  |
| Cash, cash equivalents and short-term investments | $ | 1,668,360 | |  | $ | | 2,282,749 | |  |
| Accounts receivable, net |  | 335,384 | |  |  |  | 323,300 | |  |
| Inventories |  | 171,969 | |  |  |  | 200,958 | |  |
| Prepaid expenses and other current assets |  | 58,771 | | |  |  | 102,560 | |  |
| Current assets held for sale |  | 45,846 | | |  |  | 45,095 | |  |
| Total current assets |  | 2,280,330 |  |  |  |  | 2,954,662 |  |  |
| Property and equipment, net |  | 243,397 | |  |  |  | 296,778 | |  |
| Long-term investments |  | 4,615 | |  |  |  | 11,296 | |  |
| Goodwill and acquired intangible assets, net |  | 2,006,984 | |  |  |  | 2,015,360 | |  |
| Other non-current assets |  | 113,324 |  | |  |  | 164,031 |  |  |
| Total assets | $ | 4,648,650 | |  | $ | | 5,442,127 | |  |
| **Liabilities and Shareholders’ Equity** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |  |  |  |
| Accounts payable | $ | 143,484 | |  | $ | | 180,372 | |  |
| Accrued liabilities |  | 283,138 | |  |  |  | 253,691 | |  |
| Carnegie Mellon University accrued litigation settlement |  | — | | |  |  | 736,000 | |  |
| Deferred income |  | 68,124 | | |  |  | 53,973 | |  |
| Current liabilities held for sale |  | 1,670 |  |  |  |  | 1,749 |  |  |
| Total current liabilities |  | 496,416 | |  |  |  | 1,225,785 | |  |
| Other non-current liabilities |  | 124,583 |  |  |  |  | 76,219 |  |  |
| Total liabilities |  | 620,999 | |  |  |  | 1,302,004 | |  |
| Shareholders’ equity: |  |  |  |  |  |  |  |  |  |
| Common stock |  | 1,012 | |  |  |  | 1,015 | |  |
| Additional paid-in capital |  | 3,016,775 | |  |  |  | 3,028,921 | |  |
| Accumulated other comprehensive income (loss) |  | 23 | |  |  |  | (795) | |  |
| Retained earnings |  | 1,009,841 |  |  |  |  | 1,110,982 |  |  |
| Total shareholders’ equity |  | 4,027,651 | |  |  |  | 4,140,123 | |  |
| Total liabilities and shareholders’ equity | $ | 4,648,650 |  |  |  | $ | 5,442,127 |  |  |
|  |  |  |  |  |  |  |  |  |  |

**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Cash Flows**

**(Unaudited)**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | | | |  |  | **Year Ended** | | | | | |
|  |  | **January 28,** | | | | **January 30,** | |  |  | **January 28,** | | |  | **January 30,** | |  |
|  |  |  | **2017** |  |  |  | **2016** |  |  |  | **2017** |  |  |  | **2016** |  |
|  | Cash flows from operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net income (loss) | $ | (80,091) | | | $ | 4,200 |  | $ | | 21,151 | | $ | | (811,400) | |
|  | Adjustments to reconcile net income (loss) to net cash provided by operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Depreciation and amortization |  | 26,683 | | |  | 22,800 | |  |  | 107,851 | |  |  | 100,176 | |
|  | Share-based compensation |  | 24,058 | | |  | 32,419 | |  |  | 113,970 | |  |  | 133,779 | |
|  | Amortization and write-off of acquired intangible assets |  | 1,965 | |  |  | 2,947 |  |  |  | 10,641 | |  |  | 12,688 | |
|  | Impairment of long-lived assets and restructuring related charges |  | 50,500 | | |  | 289 | |  |  | 52,581 | |  |  | 16,032 | |
|  | Other non-cash expense (income), net |  | (1,013) | | |  | 7,885 |  |  |  | 7 | |  |  | 13,811 | |
|  | Excess tax benefits from share-based compensation |  | (27) | | |  | 1 | |  |  | (37) | |  |  | (26) | |
|  | Changes in assets and liabilities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Accounts receivable |  | 26,811 | |  |  | 57,628 | |  |  | (12,084) | |  |  | 97,655 | |
|  | Inventories |  | 18,381 | | |  | 69,544 | |  |  | 29,325 | |  |  | 90,586 | |
|  | Prepaid expenses and other assets *(a)* |  | 12,300 | | |  | (35,245) | |  |  | 9,722 | |  |  | (17,113) | |
|  | Accounts payable |  | (38,694) | | |  | (62,163) | |  |  | (28,153) | |  |  | (105,898) | |
|  | Accrued liabilities and other non-current liabilities *(a)* |  | 64,238 | | |  | (25,933) | |  |  | (695,497) | |  |  | 720,798 | |
|  | Accrued employee compensation |  | 7,597 | |  |  | (18,702) | |  |  | 18,016 | |  |  | (33,338) | |
|  | Deferred income |  | 6,138 | |  |  | (2,364) | |  |  | 14,072 | |  |  | (12,398) | |
|  | Net cash provided by (used in) operating activities |  | 118,846 |  |  |  | 53,306 |  |  |  | (358,435) |  |  |  | 205,352 |  |
|  | Cash flows from investing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Purchases of available-for-sale securities |  | (146,046) | | |  | (133,215) | |  |  | (489,856) | |  |  | (1,056,045) | |
|  | Sales and maturities of available-for-sale securities |  | 199,217 | |  |  | 477,301 |  |  |  | 856,254 | |  |  | 1,303,500 | |
|  | Purchase of time deposits |  | (75,000) | | |  | — | |  |  | (275,000) | |  |  | — | |
|  | Maturities of time deposits |  | 75,000 | | |  | — | |  |  | 125,000 | |  |  | — | |
|  | Distribution from (investments in) privately-held companies |  | (258) | | |  | (119) | |  |  | 16 |  |  |  | (41) | |
|  | Purchases of technology licenses |  | (1,870) | | |  | (1,579) | |  |  | (10,309) | |  |  | (8,236) | |
|  | Purchases of property and equipment |  | (6,786) | | |  | (3,894) | |  |  | (44,510) | |  |  | (37,255) | |
|  | Purchase of equipment previously leased |  | — | | |  | — | |  |  | — | |  |  | (10,240) | |
|  | Net proceeds from sale of equipment held for sale |  | — |  | |  | — |  |  |  | — |  |  |  | 10,007 |  |
|  | Net cash provided by investing activities |  | 44,257 | | |  | 338,494 |  |  |  | 161,595 | |  |  | 201,690 | |
|  | Cash flows from financing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Repurchase of common stock *(b)* |  | (125,033) | | |  | — | |  |  | (181,564) | |  |  | (260,875) | |
|  | Proceeds from employee stock plans |  | 62,383 | | |  | 21,369 | |  |  | 74,219 | |  |  | 80,717 | |
|  | Minimum tax withholding paid on behalf of employees for net share settlement |  | (402) | | |  | (482) | |  |  | (16,683) | |  |  | (24,358) | |
|  | Dividend payments to shareholders |  | (30,457) | | |  | (30,447) | |  |  | (122,292) | |  |  | (122,821) | |
|  | Payments on technology license obligations |  | (7,117) | | |  | (1,112) | |  |  | (20,965) | |  |  | (12,528) | |
|  | Excess tax benefits from share-based compensation |  | 27 |  |  |  | (1) | |  |  | 37 |  |  |  | 26 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net cash used in financing activities |  | (100,599) | | |  | (10,673) | |  |  | (267,248) | |  |  | (339,839) | |
| Net increase (decrease) in cash and cash equivalents | |  | 62,504 |  |  |  | 381,127 |  |  |  | (464,088) |  |  |  | 67,203 |  |
|  | Cash and cash equivalents at beginning of period |  | 751,588 | |  |  | 897,053 |  |  |  | 1,278,180 |  |  |  | 1,210,977 | |
| Cash and cash equivalents at end of period | | $ | 814,092 |  |  | $ | 1,278,180 |  |  | $ | 814,092 |  |  | $ | 1,278,180 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. The Company agreed to pay a total of $750.0 million to CMU in connection with the settlement agreement that was reached in February 2016. Of this settlement, the Company recognized a charge of $736.0 million in fiscal 2016. The remaining $14.0 million was recorded in prepaid expenses and other assets, to be recognized in cost of goods sold over the remaining term of the license from February 2016 through April 2018. For further detail of the accounting for the settlement, see “Note 13 — Carnegie Mellon University Settlement” in the Notes to the Unaudited Condensed Consolidated Financial Statements included in the Company’s Quarterly Report on Form 10-Q for the quarter ended October 29, 2016.
2. Marvell records all repurchases of common stock consistent with the way it records investment purchases and sales, based on trade date in accordance with U.S. GAAP.

**Marvell Technology Group Ltd.**

**Reconciliations from GAAP to Non-GAAP**

**(Unaudited)**

**(In thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Three Months Ended** | | | |  |  |  |  |  |  | **Year Ended** | | | | |  |
|  |  |  | **January 28,** | | |  | **October 29,** | | |  | **January 30,** | |  |  | **January 28,** | | | **January 30,** | |  |  |
|  |  |  |  | **2017** |  |  |  | **2016** |  |  |  | **2016** |  |  |  | **2017** |  |  | **2016** |  |  |
|  | GAAP gross profit from continuing operations: |  | $ | 327,517 |  |  | $ | 357,779 |  |  | $ | 310,225 |  |  | $ | 1,288,147 |  | $ | 1,206,699 |  |  |
|  | Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Share-based compensation |  |  | 1,641 | |  |  | 2,189 |  |  |  | 1,826 | |  |  | 8,334 | |  | 7,787 | |  |
|  | Restructuring and other related charges *(a)* |  |  | — | |  |  | — | |  |  | 7 | |  |  | — | |  | 10,292 | |  |
|  | Amortization of and write-off acquired intangible assets |  |  | — | |  |  | — | |  |  | — | |  |  | — | |  | 733 | |  |
|  | Other cost of good sold *(b)* |  |  | — |  |  |  | — |  |  |  | 3,710 | |  |  | — | |  | 84,558 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total special items |  |  | 1,641 | |  |  | 2,189 |  |  |  | 5,543 | |  |  | 8,334 | |  | 103,370 | |  |
| Non-GAAP gross profit | |  | $ | 329,158 |  |  | $ | 359,968 |  |  | $ | 315,768 |  |  | $ | 1,296,481 |  | $ | 1,310,069 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | GAAP gross margin from continuing operations |  |  | 57.3% | |  |  | 57.1% | |  |  | 51.5% | |  |  | 55.6% | |  | 45.5% | |  |
| Non-GAAP gross margin | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 57.6% | |  |  | 57.5% | |  |  | 52.4% | |  |  | 55.9% | |  | 49.5% | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total GAAP operating expenses from continuing operations | $ | | 339,650 | | $ | | 270,195 |  | $ | | 295,292 | | $ | | 1,188,153 |  | $ | 1,982,204 | |  |
|  | Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Share-based compensation |  |  | (20,764) | |  |  | (23,826) | |  |  | (28,365) | |  |  | (96,426) | |  | (118,174) | |  |
|  | Restructuring and other related charges *(a)* |  |  | (98,860) | |  |  | (1,164) | |  |  | (4,389) | |  |  | (105,186) | |  | (53,251) | |  |
|  | Amortization of and write-off acquired intangible assets |  |  | (1,480) | |  |  | (2,299) | |  |  | (2,300) | |  |  | (8,376) | |  | (10,098) | |  |
|  | CMU Litigation settlement |  |  | — | |  |  | — | |  |  | — | |  |  | — | |  | (654,667) | |  |
|  | Other operating expenses *(c)* |  |  | (315) | |  |  | — | |  |  | (6,836) | |  |  | (1,544) | |  | (43,914) | |  |
| Total special items | |  |  | (121,419 | ) |  |  | (27,289) |  |  |  | (41,890) |  |  |  | (211,532) |  |  | (880,104) |  |  |
|  | Total non-GAAP operating expenses | $ | | 218,231 | | $ | | 242,906 |  | $ | | 253,402 | | $ | | 976,621 | | $ | 1,102,100 | |  |
| GAAP net income (loss) | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | $ | (80,091) |  |  | $ | 72,616 |  |  | $ | 4,200 |  |  | $ | 21,151 |  | $ | (811,400) |  |  |
|  | Net loss from discontinued operations |  |  | 3,214 | |  |  | 4,838 |  |  |  | 12,973 | |  |  | 22,843 | |  | 42,245 | |  |
| GAAP net income (loss) from continuing operations | |  |  | (76,877) |  |  |  | 77,454 |  |  |  | 17,173 |  |  |  | 43,994 |  |  | (769,155) |  |  |
|  | Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Share-based compensation |  |  | 22,405 | |  |  | 26,015 | |  |  | 30,191 | |  |  | 104,760 | |  | 125,961 | |  |
|  | Restructuring and other related charges *(a)* |  |  | 98,860 | |  |  | 1,164 |  |  |  | 4,396 | |  |  | 105,186 | |  | 63,543 | |  |
|  | Amortization of and write-off acquired intangible assets |  |  | 1,480 | |  |  | 2,299 |  |  |  | 2,300 | |  |  | 8,376 | |  | 10,831 | |  |
|  | CMU Litigation settlement |  |  | — | |  |  | — | |  |  | — | |  |  | — | |  | 654,667 | |  |
|  | Other operating expenses *(c)* |  |  | 315 | |  |  | — | |  |  | 10,546 | |  |  | 1,544 | |  | 128,472 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pre-tax total special items |  |  | 123,060 | |  |  | 29,478 | |  |  | 47,433 | |  |  | 219,866 | |  | 983,474 | |  |
| Non-GAAP income before income taxes | |  |  | 46,183 |  |  |  | 106,932 |  |  |  | 64,606 |  |  |  | 263,860 |  |  | 214,319 |  |  |
|  | Tax effect of special items *(d)* |  |  | 67,989 | |  |  | — | |  |  | — | |  |  | 66,918 | |  | 11,511 | |  |
| Non-GAAP net income from continuing operations | |  | $ | 114,172 |  |  | $ | 106,932 |  |  | $ | 64,606 |  |  | $ | 330,778 |  | $ | 225,830 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Weighted average shares — basic |  |  | 507,834 | |  |  | 511,090 | |  |  | 506,352 | |  |  | 509,738 | |  | 510,945 | |  |
| Weighted average shares — diluted | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 507,834 |  |  |  | 522,091 |  |  |  | 508,590 |  |  |  | 517,513 |  |  | 510,945 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Non-GAAP weighted average shares — diluted |  |  | 528,141 | |  |  | 531,831 |  |  |  | 518,568 | |  |  | 527,197 | |  | 526,294 | |  |
| GAAP diluted net income (loss) per share from continuing operations | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | $ | (0.15 | ) |  | $ | 0.15 |  |  | $ | 0.03 |  |  | $ | 0.09 |  | $ | (1.51) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Non-GAAP diluted net income per share from continuing operations | $ | | 0.22 | | $ | | 0.20 | | $ | | 0.12 | | $ | | 0.63 | | $ | 0.43 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Restructuring and other related charges include costs that qualify under U.S. GAAP as restructuring costs and other incremental charges that are a direct result of restructuring. Examples of other incremental charges include impairment of equipment specifically identified as part of the restructuring action and the write down of inventories.
2. Other COGS include charges recognized for pending and settled litigation proceedings in three and twelve months ended January 30, 2016.
3. Other operating expenses in the three and twelve months ended January 30, 2016 include costs of $2.9 million and $11.4 million, respectively, for the surety bonds related to the litigation with CMU, and expenses of $3.9 million and $5.0 million, respectively, related to retention bonuses offered to employees who remained through the ramp down of certain operations due to the restructuring action announced in September 2015. Other operating expenses for the twelve months ended January 30, 2016 include charges recognized for pending and settled litigation proceedings of $12.1 million, and for a payment of $15.4 million due to our former Chief Executive Officer.
4. Tax effect of special items in the three and twelve months ended January 28, 2017 include $68.0 million of tax expense related to restructuring actions taken, which was offset in the twelve months ended January 28, 2017 by $1.1 million related tax effect of the payment to our former Chief Executive Officer. For the twelve months ended January 30, 2016, tax effect of special items included $8.4 million of tax expense related to the restructuring actions in fiscal 2016 and $3.1 million related to the payment to our former Chief Executive Officer.

**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Operations**

**(Unaudited)**

**(In thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | **Three Months Ended** | | | | | |  |  |  |  |
|  |  |  | **January 28,** | | |  | **October 29,** | | |  |  | **July 30,** | | **April 30,** | |  |  |
|  |  |  |  | **2017** |  |  |  | **2016** |  |  |  | **2016** |  |  | **2016** |  |  |
|  | Net revenue |  | $ | 571,400 |  |  | $ | 626,092 |  |  | $ | 600,799 |  | $ | 519,383 |  |  |
|  | Cost of goods sold |  |  | 243,883 |  |  |  | 268,313 | |  |  | 272,977 |  |  | 244,354 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit |  |  | 327,517 |  |  |  | 357,779 | |  |  | 327,822 |  |  | 275,029 | |  |
|  | Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Research and development |  |  | 228,669 | |  |  | 209,905 | |  |  | 214,122 |  |  | 227,354 | |  |
|  | Selling and marketing |  |  | 29,154 | |  |  | 29,237 | |  |  | 29,826 | |  | 30,094 | |  |
|  | General and administrative |  |  | 80,347 | |  |  | 28,754 | |  |  | 36,916 | |  | 35,399 | |  |
|  | Amortization and write-off of acquired intangible assets |  |  | 1,480 |  |  |  | 2,299 | |  |  | 2,299 |  |  | 2,298 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total operating expenses |  |  | 339,650 |  |  |  | 270,195 | |  |  | 283,163 |  |  | 295,145 | |  |
| Operating income (loss) | |  |  | (12,133) |  |  |  | 87,584 |  |  |  | 44,659 |  |  | (20,116) |  |  |
|  | Interest and other income, net |  |  | 3,780 | |  |  | 5,470 | |  |  | 6,284 |  |  | 1,488 | |  |
| Income (loss) from continuing operations before income taxes | |  |  | (8,353) |  |  |  | 93,054 |  |  |  | 50,943 |  |  | (18,628) |  |  |
|  | Provision (benefit) for income taxes |  |  | 68,524 | |  |  | 15,600 | |  |  | (5,745) | |  | (5,357) | |  |
| Income (loss) from continuing operations | |  |  | (76,877) |  |  |  | 77,454 |  |  |  | 56,688 |  |  | (13,271) |  |  |
|  | Loss from discontinued operations, net of tax |  |  | (3,214) | |  |  | (4,838) | |  |  | (5,383) | |  | (9,408) | |  |
| Net income (loss) | |  | $ | (80,091 | ) |  | $ | 72,616 |  |  | $ | 51,305 |  | $ | (22,679 | ) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net income (loss) per share — Basic: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Continuing operations | $ | | (0.15) | | $ | | 0.15 | | $ | | 0.11 |  | $ | (0.03) | |  |
|  | Discontinued operations |  |  | (0.01) | |  |  | (0.01) | |  |  | (0.01) | |  | (0.01) | |  |
| Net income (loss) per share basic | |  | $ | (0.16 | ) |  | $ | 0.14 |  |  | $ | 0.10 |  | $ | (0.04 | ) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net income (loss) per share — Diluted: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Continuing operations | $ | | (0.15) | | $ | | 0.15 | | $ | | 0.11 |  | $ | (0.03) | |  |
|  | Discontinued operations |  |  | (0.01) | |  |  | (0.01) | |  |  | (0.01) | |  | (0.01) | |  |
| Net income (loss) per share diluted | |  | $ | (0.16 | ) |  | $ | 0.14 |  |  | $ | 0.10 |  | $ | (0.04 | ) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Shares used in computing basic earnings (loss) per share |  |  | 507,834 | |  |  | 511,090 | |  |  | 511,235 | |  | 508,794 | |  |
|  | Shares used in computing diluted earnings (loss) per share |  |  | 507,834 | |  |  | 522,091 | |  |  | 514,314 |  |  | 508,794 | |  |

**Marvell Technology Group Ltd.**

**Reconciliations from GAAP to Non-GAAP**

**(Unaudited)**

**(In thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | **Three Months Ended** | | | | |  |  |  |  |  |
|  |  |  | **January 28,** | | | **October 29,** | | |  | **July 30,** | |  | **April 30,** | |  |  |
|  |  |  |  | **2017** |  |  | **2016** |  |  | **2016** |  |  |  | **2016** |  |  |
|  | GAAP gross profit from continuing operations: |  | $ | 327,517 |  | $ | 357,779 |  | $ | 327,822 |  |  | $ | 275,029 |  |  |
|  | Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Share-based compensation |  |  | 1,641 | |  | 2,189 | |  | 2,720 | |  |  | 1,784 | |  |
| Non-GAAP gross profit | |  | $ | 329,158 |  | $ | 359,968 |  | $ | 330,542 |  |  | $ | 276,813 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | GAAP gross margin from continuing operations |  |  | 57.3% | |  | 57.1% | |  | 54.6% | |  |  | 53.0% | |  |
| Non-GAAP gross margin | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 57.6% | |  | 57.5% | |  | 55.0% | |  |  | 53.3% | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total GAAP operating expenses from continuing operations | $ | | 339,650 | | $ | 270,195 | | $ | 283,163 | | $ | | 295,145 | |  |
|  | Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Share-based compensation |  |  | (20,764) | |  | (23,826) | |  | (31,440) | |  |  | (20,396) | |  |
|  | Restructuring and other related charges *(a)* |  |  | (98,860) | |  | (1,164) | |  | (721) | |  |  | (4,441) | |  |
|  | Amortization of and write-off acquired intangible assets |  |  | (1,480) | |  | (2,299) | |  | (2,299) | |  |  | (2,298) | |  |
|  | Other operating expenses |  |  | (315) | |  | — | |  | 13 | |  |  | (1,242) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total special items |  |  | (121,419) | |  | (27,289) | |  | (34,447) | |  |  | (28,377) | |  |
| Total non-GAAP operating expenses | |  | $ | 218,231 |  | $ | 242,906 |  | $ | 248,716 |  |  | $ | 266,768 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | GAAP net income (loss) | $ | | (80,091) | | $ | 72,616 | | $ | 51,305 | | $ | | (22,679) | |  |
|  | Net loss from discontinued operations |  |  | 3,214 |  |  | 4,838 | |  | 5,383 | |  |  | 9,408 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| GAAP net income (loss) from continuing operations |  |  | (76,877) | |  | 77,454 | |  | 56,688 | |  |  | (13,271) | |  |
|  | Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Share-based compensation |  |  | 22,405 | |  | 26,015 | |  | 34,160 | |  |  | 22,180 | |  |
|  | Restructuring and other related charges *(a)* |  |  | 98,860 | |  | 1,164 | |  | 721 | |  |  | 4,441 | |  |
|  | Amortization of and write-off acquired intangible assets |  |  | 1,480 | |  | 2,299 | |  | 2,299 | |  |  | 2,298 | |  |
|  | Other operating expenses |  |  | 315 |  |  | — |  |  | (13) | |  |  | 1,242 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pre-tax total special items |  |  | 123,060 |  |  | 29,478 | |  | 37,167 | |  |  | 30,161 | |  |
| Non-GAAP income before income taxes | |  |  | 46,183 |  |  | 106,932 |  |  | 93,855 |  |  |  | 16,890 |  |  |
|  | Tax effect of special items *(b)* |  |  | 67,989 | |  | — | |  | — | |  |  | (1,071) | |  |
| Non-GAAP net income from continuing operations | |  | $ | 114,172 |  | $ | 106,932 |  | $ | 93,855 |  |  | $ | 15,819 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Weighted average shares — basic |  |  | 507,834 |  |  | 511,090 | |  | 511,235 | |  |  | 508,794 | |  |
| Weighted average shares — diluted | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 507,834 |  |  | 522,091 |  |  | 514,314 |  |  |  | 508,794 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Non-GAAP weighted average shares — diluted |  |  | 528,141 |  |  | 531,831 | |  | 526,453 | |  |  | 522,363 | |  |
| GAAP diluted net income (loss) per share from continuing operations | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | $ | (0.15 | ) | $ | 0.15 |  | $ | 0.11 |  |  | $ | (0.03 | ) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Non-GAAP diluted net income per share from continuing operations | $ | | 0.22 | | $ | 0.20 | | $ | 0.18 | | $ | | 0.03 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Restructuring and other related charges include costs that qualify under U.S. GAAP as restructuring costs and other incremental charges that are a direct result of restructuring. Examples of other incremental charges include impairment of equipment specifically identified as part of the restructuring action.
2. Tax effect of special items in the three months ended January 28, 2017 include $68.0 million of tax expense related to restructuring actions taken. Tax effect of special items in the three months ended April 30, 2016 include $1.1 million related tax effect of the payment to our former Chief Executive Officer.