**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 6, 2008**

**MARVELL TECHNOLOGY GROUP LTD.**

(Exact name of registrant as specified in its charter)

**Bermuda**

(State or Other Jurisdiction of Incorporation)

**0-30877**

(Commission File Number)

**77-0481679**

(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):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))



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

The information in Item 2.02 of this Current Report, including the accompanying exhibit, 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 6, 2008, Marvell Technology Group Ltd. (“Marvell”) issued a press release regarding its financial results for its fourth fiscal quarter and fiscal year ended February 2, 2008. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated by reference herein.

**Discussion of Non-GAAP Financial Measures**

In addition to disclosing financial results calculated in accordance with GAAP, Marvell also reports adjusted net income and net income per share, referred to respectively as “non-GAAP net income” and “non-GAAP net income per share.” Non-GAAP measures exclude the effect of stock-based compensation, amortization of acquired intangible assets, cumulative effect of change in accounting principle and restructuring costs.

Non-GAAP net income per share is calculated by dividing non-GAAP net income by non-GAAP weighted average shares - diluted. For purposes of calculating non-GAAP net income per share, the GAAP diluted weighted average shares outstanding is adjusted to exclude the benefits of FASB Statement of Financial Accounting Standards No. 123 (revised 2004), “Share Based Payments” (“SFAS 123R”) compensation costs attributable to future services and not yet recognized in the financial statements that are treated as proceeds assumed to be used to repurchased shares under the GAAP treasury stock method. GAAP diluted weighted average shares outstanding also includes the dilutive/antidilutive effects of warrants, common stock options and restricted stock.

These non-GAAP measures should be considered in addition to, and not as a substitute for, the results prepared in accordance with GAAP. Marvell’s management believes the non-GAAP information is useful because it can enhance the understanding of the company’s ongoing economic performance and Marvell therefore uses non-GAAP reporting internally to evaluate and manage its operations. Marvell has chosen to provide this information to investors to enable them to perform comparisons of operating results in a manner similar to how Marvell analyzes its operating results internally. Management also believes that these non-GAAP financial measures may be used to facilitate comparisons of our results with that of other companies in our industry.

Externally, we believe that investors may find our non-GAAP net income information useful in their assessment of our operating performance and the valuation of our company. Internally, our non-GAAP net income and non-GAAP net income per share are used by management in the following areas:

* Our determination of Pro Forma EPS target-based stock-based bonus compensation for our executive officers;
* Our evaluation of Marvell’s operating performance;
* Our establishment of internal operating budgets; and
* Our performance comparisons with internal forecasts and targeted business models.

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Non-GAAP net income reflects net income adjusted for the following items:

* *Stock-based compensation*. Stock-based compensation relates primarily to employee stock options and restricted stock units issued. Stock-basedcompensation expense is a non-cash expense that is difficult to predict as its valuation is affected by changes in market forces, such as the price of our common stock, which is not within the control of management. Accordingly, we exclude this item from its internal operating forecasts and models.
* *Amortization and write-off of acquired intangible assets*. Purchased intangible assets relate primarily to existing and core technology, andcustomer relationships of acquired businesses. We consider these charges non-cash in nature and unrelated to our core operating performance.
* *Cumulative effect of change in accounting principle*. The cumulative effect of a change in accounting principle, mandated by our adoption ofSFAS 123R to account for forfeitures is a non-cash item which management believes, is unrelated to our core operating performance.
* *Restructuring.* Restructuring represents charges/losses that are not directly related to the company’s ongoing or core business results.Management regularly excludes such items from internal operating forecasts and models because they are not considered a core operating activity for the company and because the frequency and variability in the nature of the charges can vary significantly from period to period. Excluding this data provides investors with a basis to compare our company against the performance of other companies without this variability.

The calculation of non-GAAP net income per share is adjusted for the following item:

* Non-GAAP net income per share is calculated by dividing non-GAAP net income by non-GAAP weighted average shares - diluted. For purposes of calculating non-GAAP net income per share, the GAAP diluted weighted average shares outstanding is adjusted to exclude the benefits of SFAS 123R compensation costs attributable to future services and not yet recognized in the financial statements that are treated as proceeds assumed to be used to repurchase shares under the GAAP treasury stock method. GAAP diluted weighted average shares outstanding also includes the antidilutive effects of warrants, common stock options and restricted stock. Since our non-GAAP net income does not reflect the effects of these compensation costs, management believes these amounts should not be applied to the repurchase of shares in calculating non-GAAP net income per share.

Non-GAAP net income and non-GAAP net income per share should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect all of the costs associated with the operations of our 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 our non-GAAP net income should not be construed as an inference that these costs are unusual, infrequent or non-recurring. Some of the limitations in relying on non-GAAP net income and non-GAAP net income per share are:

* Non-GAAP net income does not account for stock compensation expense related to equity awards granted to our employees. Our stock incentive plans are important components of our employee incentive compensation arrangements and are reflected as expenses in our GAAP results under SFAS 123R, effective as of January 29, 2006. Prior to the adoption of SFAS 123R, our GAAP results reflect stock compensation expense under Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” and related guidance.
* While amortization of purchased intangible assets does not directly affect our current cash position, such expense represents the declining value of the technology and other intangible assets that we have acquired over their respective expected economic lives. The expense associated with

this decline in value is excluded from the non-GAAP net income presentation, and therefore non-GAAP net income does not reflect the costs of acquired intangible assets that supplement our research and development efforts.

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**Item 8.01** **Other Events.**

Marvell has reached a tentative settlement with the plaintiffs in the previously disclosed federal derivative lawsuits related to historical stock option practices. The Company has accrued $16 million in its fourth quarter 2008 financial statements related to anticipated payments pursuant to the tentative settlement. The tentative settlement requires court approval before it becomes final. Marvell anticipates that the parties will finalize and submit formal settlement documentation to the court in the next few months.

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

The information contained in this Item 9.01 and in the accompanying exhibit shall not be deemed filed for purposes of Section 18 of the Exchange Act or incorporated by reference in any filing under the Exchange Act or the Securities Act, except as shall be expressly set forth by specific reference in such filing.

1. Exhibits.

99.1 Press Release dated March 6, 2008.

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**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 6, 2008

MARVELL TECHNOLOGY GROUP LTD.

|  |  |  |
| --- | --- | --- |
| By: | /s/ George de Urioste | |
|  | George de Urioste | |
|  | Interim Chief Financial Officer | |
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**EXHIBIT INDEX**

**Exhibit No.** **Description**



99.1 Press Release dated March 6, 2008.

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**Exhibit 99.1**

**Marvell Technology Group Ltd. Reports Fourth Quarter and**

**Fiscal 2008 Results**

**Marvell Achieves Record Revenues for FY2008, Up 36 Percent on Prior Year**

**GAAP Net Income of $1.3 Million versus Net Loss of $141 Million in Prior Year**

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**Santa Clara, California (March 6, 2008)** — Marvell Technology Group Ltd. (NASDAQ: MRVL), a leader in storage, communications, and consumersilicon solutions, today reported financial results for its fourth quarter and fiscal year ended February 2, 2008.

Net revenue for the fourth quarter of fiscal 2008 was a record $845 million, an increase of 36% over net revenue of $622 million for the fourth quarter of

fiscal 2007 and an 11% sequential increase from net revenue of $758 million for the third quarter of fiscal 2008. Net income under generally accepted

accounting principles (GAAP) was $1.3 million, or $0.00 per share (diluted), for the fourth quarter of fiscal 2008 compared with net loss under GAAP of

$140.6 million, or $0.24 per share (diluted), for the fourth quarter of fiscal 2007 and net loss under GAAP of $6.4 million, or $0.01 per share (diluted), for the

third quarter of fiscal 2008. Shares used to compute GAAP net income per share (diluted), for the fourth quarter ended February 2, 2008 increased to 627

million shares compared with 587 million shares used to compute GAAP net loss per share (diluted) for the fourth quarter ended January 27, 2007 and 591

million shares used to compute GAAP net loss per share (diluted) for the third quarter ended October 27, 2007.

Marvell has reached a tentative settlement with the plaintiffs in the previously disclosed federal derivative lawsuits related to historical stock option practices. The Company has accrued $16 million in its fourth quarter 2008 financial statements related to anticipated payments pursuant to the tentative settlement. The tentative settlement requires court



approval before it becomes final. Marvell anticipates that the parties will finalize and submit formal settlement documentation to the court in the next few months.

“We are pleased with our financial performance this quarter and believe we have turned the corner on improving our profitability,” stated Dr. Sehat Sutardja, Marvell’s President and CEO. “Marvell achieved record revenues during fiscal 2008, putting us on track to achieve a better than $3 billion annual run rate. Our improved operating margins and earnings per share on a pro forma basis demonstrate clear focus on controlling operating costs. The better than anticipated sales trends during the fourth fiscal quarter was due to strong demand for our system-on-a-chip products for the storage market, better than expected demand for our enterprise-class communication products and better than seasonal demand for our cellular products. The results demonstrate successful investment in a broad range of technologies and our ability to integrate these technologies into superior products across many markets.”

Net revenue for the year ended February 2, 2008 was $2,895 million, an increase of 29% over net revenue of $2,238 million for the year ended January 27, 2007. The increase in net revenue during fiscal 2008 is primarily attributable to sales of cellular and wireless communications products. Net loss under GAAP was $114.4 million or $0.19 per share (diluted) for the year ended February 2, 2008 compared with net loss under GAAP of $12.1 million or $0.02 per share (diluted) for the year ended January 27, 2007.

Marvell reports net income (loss) and basic and diluted net income (loss) per share in accordance with GAAP and additionally on a non-GAAP basis. A discussion of Marvell’s use of these non-GAAP financial measures is set forth below, and reconciliations of GAAP net income (loss) to non-GAAP net income for the three months ended February 2, 2008, October 27, 2007 and January 27, 2007 and year ended February 2, 2008 and January 27, 2007, respectively, appear in the financial statements portion of this release. Non-GAAP net income, where applicable, excludes the effect of stock-based compensation, amortization of acquired intangible assets, restructuring costs and cumulative effect of change in accounting principle.

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Non-GAAP net income increased to $122.9 million, or $0.20 per share (diluted) for the fourth quarter of fiscal 2008, a 495% increase as compared with non-GAAP net income of $20.7 million, or $0.03 per share (diluted), for the fourth quarter of fiscal 2007 and an increase of 43% over non-GAAP net income of $86.2 million, or $0.14 per share (diluted) for the third quarter of fiscal 2008. The improvement in non-GAAP net income during the fourth quarter of fiscal 2008 was primarily due to better than anticipated revenue growth of storage and Ethernet connectivity products. Shares used to compute non-GAAP net income per diluted share for the fourth quarter of fiscal 2008 was 627 million shares compared with 634 million shares for the fourth quarter of fiscal 2007 and 631 million shares for the third quarter of fiscal 2008.

Non-GAAP gross margin for the fourth quarter of fiscal 2008 was 48.7% as compared to non-GAAP gross margin of 48.3% for the third quarter of fiscal 2008 and non-GAAP gross margin of 48.2% for the fourth quarter of fiscal 2007.

Non-GAAP net income was $280.1 million, or $0.44 per share (diluted) for the year ended February 2, 2008, compared with non-GAAP net income of

$359.0 million, or $0.56 per share (diluted) for the year ended January 27, 2007. The decline in non-GAAP net income during fiscal 2008 versus fiscal 2007 is primarily due to the integration of the Intel Communication-Applications Processor group into the Marvell organization. Shares used in computing non-GAAP net income per share for the year ended February 2, 2008 decreased to 630 million shares compared with 638 million shares for the year ended January 27, 2007.

Non-GAAP gross margin for fiscal 2008 was 48.8% compared to non-GAAP gross margin for fiscal 2007 of 51.3%.

Marvell will be conducting a conference call today at 1:45 p.m. PST to discuss its fourth quarter business. The call is being webcast by Thomson/CCBN and can be accessed at Marvell’s web site at www.marvell.com. The webcast is also being distributed through Thomson StreetEvents Network. Individual investors can listen to the call at www.earnings.com, Thomson’s individual investor portal, powered by StreetEvents. Institutional investors can access the call via Thomson StreetEvents (www.streetevents.com), a password-protected event management site. The

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conference call will also be available via the web at www.marvell.com. Please visit the Investor Events section. Replay on the Internet will be available until March 6, 2009.

**Discussion of Non-GAAP Financial Measures**

Non-GAAP net income consists of net income (loss) excluding stock-based compensation expense as well as charges related to acquisitions and other charges and gains that are driven primarily by discrete events that management does not consider to be directly related to the company’s core operating performance. Non-GAAP net income per share is calculated by dividing non-GAAP net income by adjusted GAAP weighted average shares outstanding (diluted). For purposes of calculating non-GAAP net income per share, the calculation of GAAP weighted average shares outstanding (diluted) is adjusted to exclude the benefits of compensation costs attributable to future services and not yet recognized in the financial statements that are treated as proceeds assumed to be used to repurchase shares under the GAAP treasury stock method and also includes the dilutive/antidilutive effects of warrants, common stock options and restricted stock.

Marvell believes that the presentation of non-GAAP net income and non-GAAP net income per share provides important supplemental information to management and investors regarding financial and business trends relating to the company’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, the information provided by GAAP financial measures. 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. For further information regarding why Marvell believes that these non-GAAP measures provide useful information to investors, the specific manner in which management uses these measures, and some of the limitations associated with the use of these measures, please refer to the company’s Current Report on Form 8-K filed today with the SEC. The Form 8-K is available on the SEC’s website

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at **www.sec.gov** as well as on the Marvell website in the Investors Relations section at www.marvell.com.

**About Marvell**

Marvell (NASDAQ: MRVL) is a leader in storage, communications and consumer silicon solutions. The Company’s diverse product portfolio includes switching, transceiver, communications controller, wireless, and storage solutions that power the entire communications infrastructure, including enterprise, metro, home, and storage networking. As used in this release, the terms “Company” and “Marvell” refer to Marvell Technology Group Ltd. and its subsidiaries, including Marvell Semiconductor, Inc. (MSI), Marvell Asia Pte Ltd (MAPL), Marvell Japan K.K., Marvell Taiwan Ltd., Marvell International Ltd. (MIL), Marvell U.K. Limited, Marvell Semiconductor Israel Ltd. (MSIL), Marvell Software Solutions Israel, Ltd., and Marvell Semiconductor Germany GmbH. MSI is headquartered in Santa Clara, Calif., and designs, develops and markets products on behalf of MIL and MAPL. MSI may be contacted at (408) 222-2500 or at www.marvell.com.

**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995:**

This release contains forward-looking statements based on projections and assumptions about our products and our markets. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” “will,” “should,” and their variations identify forward-looking statements. Statements that refer to, or are based on projections, uncertain events or assumptions also identify forward-looking statements. These statements include statements regarding our annual run rate, our ability to monetize our investments, our ability to efficiently integrate technologies, and our anticipated settlement with the plaintiffs in the previously disclosed federal derivative lawsuits related to historical stock option practices. These statements are not guarantees of results and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. When Marvell files its Form 10-K for the fourth quarter of fiscal 2008, the financial statements may differ from the results disclosed in this press release because judgments and estimates that management used in preparing the financial results reported in this press release may need to be updated to the date of the filing. The Company’s results also remain subject to review by the Company’s independent registered public accounting firm. For other factors that could cause Marvell’s results to vary from expectations, please see the risk factors identified in the Marvell’s latest Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as filed with the Securities and Exchange Commission and other factors detailed from time to time in Marvell’s filings with the Securities and Exchange Commission. Marvell undertakes no obligation to revise or update publicly any forward-looking statements.

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**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Operations**

**(Unaudited)**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  | **Three Months Ended** | | | | | |  |  |  |  |  |  |  |  |  | **Year Ended** | | | | | | | |  |
|  |  |  | **February 2,** | | | |  |  | **October 27,** | | | |  |  | **January 27,** | | |  |  |  | **February 2,** | | | |  |  | **January 27,** | |  |  |
|  |  |  | **2008** | | |  |  |  |  |  | **2007** |  |  |  |  |  | **2007** |  |  |  |  | **2008** |  |  |  |  | **2007** |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net revenue | $ | |  |  | 844,686 |  | $ | |  |  | 758,246 |  | $ | |  |  | 621,974 |  |  | $ |  | 2,894,693 |  |  | $ | | 2,237,553 | |  |  |
| Cost of goods sold |  |  |  |  | 438,640 |  |  |  |  |  | 396,209 |  |  |  |  |  | 324,843 |  |  |  |  | 1,497,796 |  |  |  |  | 1,100,241 | |  |  |
| Gross profit |  |  |  |  | 406,046 |  |  |  |  |  | 362,037 |  |  |  |  |  | 297,131 |  |  |  |  | 1,396,897 |  |  |  |  | 1,137,312 | |  |  |
| Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Research and development and other |  |  |  |  | 266,464 |  |  |  |  |  | 252,205 |  |  |  |  |  | 223,399 |  |  |  |  | 988,996 |  |  |  |  | 658,211 | |  |  |
| Selling and marketing |  |  |  |  | 60,504 |  |  |  |  |  | 46,423 |  |  |  |  |  | 60,099 |  |  |  |  | 211,261 |  |  |  |  | 176,103 | |  |  |
| General and administrative |  |  |  |  | 48,340 |  |  |  |  |  | 32,537 |  |  |  |  |  | 35,480 |  |  |  |  | 138,640 |  |  |  |  | 114,154 | |  |  |
| Amortization and write-off of acquired |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| of acquired intangible assets (a) |  |  |  |  | 43,810 |  |  |  |  |  | 37,311 |  |  |  |  |  | 37,826 |  |  |  |  | 155,734 |  |  |  |  | 109,987 | |  |  |
| Acquired in-process research and development |  |  |  |  | — | |  |  |  |  | — | |  |  |  |  | 77,800 |  |  |  |  | — | | |  |  | 77,800 | |  |  |
| Restructuring |  |  |  |  | 7,856 |  |  |  |  |  | — | |  |  |  |  | — | | |  |  | 7,856 |  |  |  |  | — | | |  |
| Total operating expenses |  |  |  |  | 426,974 |  |  |  |  |  | 368,476 |  |  |  |  |  | 434,604 |  |  |  |  | 1,502,487 |  |  |  |  | 1,136,255 | |  |  |
| Operating (loss) income |  |  |  |  | (20,928 | ) |  |  |  |  | (6,439 | ) |  |  |  |  | (137,473 | ) |  |  |  | (105,590 | ) | |  |  | 1,057 | |  |  |
| Interest and other income (expense), net (b) |  |  |  |  | 18,864 |  |  |  |  |  | (6,048 ) | |  |  |  |  | (2,003 ) | |  |  |  | (2,654 ) | | |  |  | 13,549 | |  |  |
| (Loss) income before income taxes |  |  |  |  | (2,064 | ) |  |  |  |  | (12,487 | ) |  |  |  |  | (139,476 | ) |  |  |  | (108,244 | ) | |  |  | 14,606 | |  |  |
| (Benefit) provision benefit for income taxes |  |  |  |  | (3,357 ) | |  |  |  |  | (6,051 ) | |  |  |  |  | 1,109 |  |  |  |  | 6,183 |  |  |  |  | 35,547 | |  |  |
| Income (loss) before change in accounting principle |  |  |  |  | 1,293 |  |  |  |  |  | (6,436 | ) |  |  |  |  | (140,585 | ) |  |  |  | (114,427 | ) | |  |  | (20,941 | | ) |  |
| Cumulative effect of change in accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| principle, net of tax effect |  |  |  |  | — | |  |  |  |  | — | |  |  |  |  | — | | |  |  | — | | |  |  | 8,846 | |  |  |
| Net income (loss) |  | $ |  |  | 1,293 |  |  | $ |  |  | (6,436 | ) | $ | |  |  | (140,585 | ) |  | $ |  | (114,427 | ) | | $ | | (12,095 | | ) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic net income (loss) per share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) before change in accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| principle, net of tax effect | $ | |  |  | 0.00 |  | $ | |  |  | (0.01 ) | | $ | |  |  | (0.24 ) | |  | $ |  | (0.19 ) | | | $ | | (0.04 ) | | |  |
| Cumulative effect of change in accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| principle, net of tax effect |  |  |  |  | — | |  |  |  |  | — | |  |  |  |  | — | | |  |  | — | | |  |  | 0.02 | |  |  |
| Basic net income (loss) per share |  | $ |  |  | 0.00 |  |  | $ |  |  | (0.01 | ) | $ | |  |  | (0.24 | ) |  | $ |  | (0.19 | ) | | $ | | (0.02 | | ) |  |
| Shares used in basic per share computation |  |  |  |  | 595,512 |  |  |  |  |  | 590,759 |  |  |  |  |  | 587,424 |  |  |  |  | 590,308 |  |  |  |  | 586,152 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Diluted net income (loss) per share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) before change in accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| principle, net of tax effect | $ | |  |  | 0.00 |  | $ | |  |  | (0.01 ) | | $ | |  |  | (0.24 ) | |  | $ |  | (0.19 ) | | | $ | | (0.04 ) | | |  |
| Cumulative effect of change in accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| principle, net of tax effect |  |  |  |  | — | |  |  |  |  | — | |  |  |  |  | — | | |  |  | — | | |  |  | 0.02 | |  |  |
| Diluted net income (loss) per share |  | $ |  |  | 0.00 |  |  | $ |  |  | (0.01 | ) | $ | |  |  | (0.24 | ) |  | $ |  | (0.19 | ) | | $ | | (0.02 | | ) |  |
| Shares used in diluted per share computation |  |  |  |  | 626,699 |  |  |  |  |  | 590,759 |  |  |  |  |  | 587,424 |  |  |  |  | 590,308 |  |  |  |  | 586,152 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (a) Write-off of acquired intangible assets | $ | |  |  | 7,232 |  | $ | |  |  | — | | $ | |  |  | — | | | $ |  | 7,232 |  |  | $ | | — | | |  |
| (b) Consists of: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest expense on term loan and capital lease | $ | |  |  | (8,898 ) | | $ | |  |  | (8,873 ) | | $ | |  |  | (8,253 ) | |  | $ |  | (34,666 ) | | | $ | | (10,207 ) | | |  |
| Interest expense on supply agreement |  |  |  |  | (1,165 ) | |  |  |  |  | (1,645 ) | |  |  |  |  | — | | |  |  | (5,833 ) | | |  |  | — | | |  |
| Interest income, foreign exchange and other |  |  |  |  | 28,927 |  |  |  |  |  | 4,470 |  |  |  |  |  | 6,250 |  |  |  |  | 37,845 |  |  |  |  | 23,756 | |  |  |
|  |  | $ |  |  | 18,864 |  |  | $ |  |  | (6,048 | ) | $ | |  |  | (2,003 | ) |  | $ |  | (2,654 | ) | | $ | | 13,549 | |  |  |
|  |  |  |  |  | 6 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | | |  | | | | | |  | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Marvell Technology Group Ltd.** | | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Reconciliation of Non-GAAP Adjustments** | | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **(Unaudited)** | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(In thousands, except per share amounts)** | | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Reconciliation of GAAP net income (loss) to non-GAAP net income:** | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | **Three Months Ended** | | | | | |  |  |  |  |  |  |  | **Year Ended** | | | | | | | |  |
|  |  |  |  |  | **February 2,** | | | |  |  | **October 27,** | |  |  |  |  | **January 27,** | |  |  |  | **February 2,** | | |  |  | **January 27,** |  | |  |
|  |  |  |  |  | **2008** |  |  |  |  |  | **2007** |  |  |  |  |  | **2007** |  |  |  |  | **2008** |  |  |  |  | **2007** |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| GAAP net income (loss) |  |  | $ | | 1,293 | | | | $ | | (6,436 ) | | | | $ | | (140,585 ) | | | | $ | (114,427 ) | | | $ | | (12,095 ) | | |  |
| Stock-based compensation included in: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost of goods sold |  |  |  |  | 4,911 | | | |  |  | 4,326 | | |  |  |  | 2,842 | |  |  |  | 15,530 | |  |  |  | 11,339 |  |  |  |
| Research and development and other |  |  |  |  | 45,627 | | | |  |  | 39,989 | | |  |  |  | 28,478 | |  |  |  | 152,249 | |  |  |  | 121,481 |  |  |  |
| Selling and marketing |  |  |  |  | 13,925 | | | |  |  | 6,949 | | |  |  |  | 7,254 | |  |  |  | 39,022 | |  |  |  | 30,452 |  |  |  |
| General and administrative |  |  |  |  | 5,497 | | | |  |  | 4,092 | | |  |  |  | 7,053 | |  |  |  | 24,179 | |  |  |  | 28,849 |  |  |  |
| Amortization and write-off of acquired intangible assets |  |  |  |  | 43,810 | | | |  |  | 37,311 | | |  |  |  | 37,826 | |  |  |  | 155,734 | |  |  |  | 109,987 |  |  |  |
| Acquired in-process research and development |  |  |  |  |  |  | — | |  |  |  | — | | |  |  | 77,800 | |  |  |  | — | | |  |  | 77,800 |  |  |  |
| Restructuring |  |  |  |  | 7,856 | | | |  |  |  | — | | |  |  | — | | |  |  | 7,856 | |  |  |  | — | | |  |
| Cumulative effect of change in accounting principle |  |  |  |  |  |  | — | |  |  |  | — | | |  |  | — | | |  |  | — | | |  |  | (8,846 ) | | |  |
| Non-GAAP net income |  |  |  | $ | 122,919 | | | |  | $ | 86,231 | | |  |  | $ | 20,668 | |  |  | $ | 280,143 | |  |  | $ | 358,967 |  |  |  |



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| GAAP weighted average shares - diluted | |  | 626,699 |  |  | 590,759 |  |  | 587,424 |  |  | 590,308 |  |  | 586,152 |  |
| Non-GAAP adjustment | |  | 542 |  |  | 39,854 |  |  | 46,506 |  |  | 40,160 |  |  | 51,507 |  |
| Non-GAAP weighted average shares diluted *(b)* | |  | 627,241 |  |  | 630,613 |  |  | 633,930 |  |  | 630,468 |  |  | 637,659 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| GAAP diluted net income (loss) per share | | $ | 0.00 |  | $ | (0.01 ) | | $ | (0.24 ) | | $ | (0.19 ) | | $ | (0.02 ) | |
| Non-GAAP diluted net income per share *(a)* | | $ | 0.20 |  | $ | 0.14 |  | $ | 0.03 |  | $ | 0.44 |  | $ | 0.56 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| GAAP gross margin | |  | 48.1 % | |  | 47.7 % | |  | 47.8 % | |  | 48.3 % | |  | 50.8 % | |
| Non-GAAP gross margin | |  | 48.7 % | |  | 48.3 % | |  | 48.2 % | |  | 48.8 % | |  | 51.3 % | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. *Non GAAP net income per share is calculated by dividing non-GAAP net income by non-GAAP weighted average shares diluted.*
2. *For purposes of calculating non-GAAP net income per share, the GAAP diluted weighted average shares outstanding is adjusted to exclude the benefits of SFAS 123R compensation costs attributable to future services and not yet recognized in the financial that are treated as proceeds assumed to be used to repurchase shares under the GAAP treasury method and also includes the dilutive/antidilutive effects of warrants, common stock options and restricted stock.*

7



**Marvell Technology Group Ltd.**

**Condensed Consolidated Balance Sheets**

**(Unaudited)**

**(In thousands)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **February 2,** | |  | **January 27,** | |  |
|  |  |  | **2008** |  |  | **2007** |  |  |
| **Assets** |  |  |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |  |  |
| Cash, cash equivalents and short-term investments | $ | | 630,903 |  | $ | 596,380 |  |  |
| Accounts receivable, net |  |  | 332,020 |  |  | 328,283 |  |  |
| Inventory |  |  | 419,493 |  |  | 247,403 |  |  |
| Prepaid expenses and other current assets |  |  | 121,325 |  |  | 175,969 |  |  |
| Total current assets |  |  | 1,503,741 |  |  | 1,348,035 |  |  |
| Property and equipment, net |  |  | 416,241 |  |  | 440,943 |  |  |
| Long-term investments |  |  | 45,628 |  |  | — | |  |
| Goodwill and acquired intangible assets |  |  | 2,427,877 |  |  | 2,558,363 |  |  |
| Other non current assets |  |  | 157,107 |  |  | 180,359 |  |  |
| Total assets |  | $ | 4,550,594 |  | $ | 4,527,700 |  |  |
|  |  |  |  |  |  |  |  |  |
| **Liabilities and Shareholders’ Equity** |  |  |  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |  |  |
| Accounts payable | $ | | 231,135 |  | $ | 240,497 |  |  |
| Accrued liabilities |  |  | 241,062 |  |  | 377,744 |  |  |
| Income taxes payable |  |  | 39,132 |  |  | 29,078 |  |  |
| Deferred income |  |  | 69,420 |  |  | 46,459 |  |  |
| Current portion of capital lease obligations |  |  | 2,463 |  |  | 17,408 |  |  |
| Total current liabilities |  |  | 583,212 |  |  | 711,186 |  |  |
| Capital lease obligations |  |  | 4,238 |  |  | 17,096 |  |  |
| Term loan obligations |  |  | 390,750 |  |  | 394,750 |  |  |
| Other long-term liabilities |  |  | 160,875 |  |  | 177,484 |  |  |
| Total liabilities |  |  | 1,139,075 |  |  | 1,300,516 |  |  |
|  |  |  |  |  |  |  |  |  |
| Shareholders’ equity: |  |  |  |  |  |  |  |  |
| Common stock |  |  | 1,200 |  |  | 1,175 |  |  |
| Additional paid-in capital |  |  | 4,100,659 |  |  | 3,802,509 |  |  |
| Accumulated other comprehensive income |  |  | 615 |  |  | 28 |  |  |
| Accumulated deficit |  |  | (690,955 ) | |  | (576,528 ) | |  |
| Total shareholders’ equity |  |  | 3,411,519 |  |  | 3,227,184 |  |  |
| Total liabilities and shareholders’ equity |  | $ | 4,550,594 |  | $ | 4,527,700 |  |  |
|  | 8 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |



**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Cash Flows**

**(Unaudited)**

**(in thousands)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Three Months Ended** |  |  | **Year Ended** | |
| **February 2,** | **October 27,** | **January 27,** |  | **February 2,** | **January 27,** |
| **2008** | **2007** | **2007** |  | **2008** | **2007** |



Cash flows from operating activities:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Net income (loss) | $ | | 1,293 |  | $ | (6,436 ) | | $ | (140,585 ) | | $ | (114,427 ) | | $ | (12,095 ) | |  |
| Adjustments to reconcile net income (loss) to net cash provided |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| by operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cumulative effect of change in accounting principle, net |  |  | — | |  | — | |  | — | |  | — | |  | (8,846 ) | |  |
| Depreciation and amortization |  |  | 27,008 |  |  | 26,384 |  |  | 24,641 |  |  | 105,812 |  |  | 77,160 |  |  |
| Stock-based compensation |  |  | 69,960 |  |  | 55,356 |  |  | 45,627 |  |  | 230,980 |  |  | 192,121 |  |  |
| Amortization and write-off of acquired intangible assets |  |  | 43,810 |  |  | 37,311 |  |  | 37,826 |  |  | 155,734 |  |  | 109,987 |  |  |
| Acquired in-process research and development |  |  | — | |  | — | |  | 77,800 |  |  | — | |  | 77,800 |  |  |
| Loss (gain) from disposal of assets |  |  | 3,300 |  |  | — | |  | — | |  | (1,822 ) | |  | — | |  |
| Fair market value adjustment to cost of goods sold from |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| supply contract |  |  | (5,348 ) | |  | (26,273 ) | |  | (37,593 ) | |  | (109,262 ) | |  | (37,593 ) | |  |
| Termination of supply agreement |  |  | (22,069 ) | |  | — | |  | — | |  | (22,069 ) | |  | — | |  |
| Interest expense related to supply contract |  |  | 1,165 |  |  | 1,645 |  |  | — | |  | 5,833 |  |  | — | |  |
| Deferred tax provision |  |  | (16,778 ) | |  | — | |  | (2,224 ) | |  | (16,778 ) | |  | (2,224 ) | |  |
| Excess tax benefits from stock-based compensation |  |  | (199 ) | |  | (65 ) | |  | — | |  | (499 ) | |  | (889 ) | |  |
| Changes in assets and liabilities, net of acquisitions: |  |  | — | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Accounts receivable |  |  | 55,169 |  |  | (28,230 ) | |  | (34,048 ) | |  | (1,763 ) | |  | (83,100 ) | |  |
| Inventories |  |  | (43,441 ) | |  | (70,086 ) | |  | (26,214 ) | |  | (202,275 ) | |  | (15,908 ) | |  |
| Prepaid expenses and other asset |  |  | 8,798 |  |  | 45,531 |  |  | (61,369 ) | |  | 108,321 |  |  | (113,159 ) | |  |
| Accounts payable |  |  | 22,920 |  |  | (53,441 ) | |  | 40,820 |  |  | (8,187 ) | |  | 43,891 |  |  |
| Accrued liabilities and other |  |  | 17,134 |  |  | 19,945 |  |  | 16,603 |  |  | 10,880 |  |  | 30,375 |  |  |
| Accrued employee compensation |  |  | (1,645 ) | |  | 9,642 |  |  | 34,251 |  |  | 8,852 |  |  | 33,484 |  |  |
| Accrued facilities charge |  |  | — | |  | — | |  | (571 ) | |  | — | |  | (571 ) | |  |
| Income taxes payable |  |  | 9,032 |  |  | (8,120 ) | |  | 1,100 |  |  | 4,840 |  |  | 30,192 |  |  |
| Deferred income |  |  | (6,872 ) | |  | 21,515 |  |  | 14,787 |  |  | 22,961 |  |  | 16,686 |  |  |
| Net cash provided by (used in) operating activities |  |  | 163,237 |  |  | 24,678 |  |  | (9,149 | ) |  | 177,131 |  |  | 337,311 |  |  |
| Cash flows from investing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash paid in acquisitions, net |  |  | (12,846 ) | |  | — | |  | (609,889 ) | |  | (19,987 ) | |  | (892,867 ) | |  |
| Purchases of short-term and long-term investments |  |  | (96,979 ) | |  | (52,256 ) | |  | — | |  | (262,886 ) | |  | (266,938 ) | |  |
| Sales and maturities of short-term and long-term investments |  |  | 110,390 |  |  | 70,495 |  |  | 7,929 |  |  | 230,906 |  |  | 812,831 |  |  |
| Acquisition costs |  |  | (132 ) | |  | (70 ) | |  | (4,799 ) | |  | (1,340 ) | |  | (9,032 ) | |  |
| Purchases of investments |  |  | — | |  | (323 ) | |  | — | |  | (323 ) | |  | — | |  |
| Purchases of property and equipment |  |  | (32,327 ) | |  | (16,622 ) | |  | (59,284 ) | |  | (113,462 ) | |  | (180,696 ) | |  |
| Proceeds from sale of asset under construction |  |  | — | |  | — | |  | — | |  | 5,122 |  |  | — | |  |
| Purchases of technology licenses |  |  | (3,650 ) | |  | (2,675 ) | |  | — | |  | (23,175 ) | |  | (8,029 ) | |  |
| Net cash used in investing activities |  |  | (35,544 | ) |  | (1,451 | ) |  | (666,043 | ) |  | (185,145 | ) |  | (544,731 | ) |  |
| Cash flows from financing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Proceeds from the issuance of common stock and other |  |  | 33,614 |  |  | 29,608 |  |  | 9,609 |  |  | 65,903 |  |  | 45,645 |  |  |
| Proceeds from term loan obligations |  |  | — | |  | — | |  | 400,000 |  |  | — | |  | 400,000 |  |  |
| Principal payments on capital lease and debt obligations |  |  | (1,159 ) | |  | (1,778 ) | |  | (5,850 ) | |  | (10,748 ) | |  | (19,537 ) | |  |
| Excess tax benefits from stock-based compensation |  |  | 199 |  |  | 65 |  |  | — | |  | 499 |  |  | 889 |  |  |
| Net cash provided by financing activities |  |  | 32,654 |  |  | 27,895 |  |  | 403,759 |  |  | 55,654 |  |  | 426,997 |  |  |
| Net increase (decrease) in cash and cash equivalents |  |  | 160,347 |  |  | 51,122 |  |  | (271,433 | ) |  | 47,640 |  |  | 219,577 |  |  |
| Cash and cash equivalents at beginning of period |  |  | 455,301 |  |  | 404,179 |  |  | 839,441 |  |  | 568,008 |  |  | 348,431 |  |  |
| Cash and cash equivalents at end of period |  | $ | 615,648 |  | $ | 455,301 |  | $ | 568,008 |  | $ | 615,648 |  | $ | 568,008 |  |  |
|  | 9 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

