
**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): December 15, 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):

- ☐ 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))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 15, 2008, the Executive Compensation Committee of the Board of Directors (the “Committee”) of Marvell Technology Group Ltd. (the “Company”), with the advice and counsel of the Committee’s independent compensation consultants, took the actions described below. All equity awards described below were made pursuant to the Company’s Amended and Restated 1995 Stock Option Plan (the “Plan”) and will be effective as of the close of business on December 18, 2008. The exercise price of each option grant described below is equal to \$6.84, the closing price of the Company’s common shares as reported on the Nasdaq Global Select Market on December 18, 2008.

Approval of Compensation Arrangements for Chief Executive Officer

The Committee approved the following compensation arrangements for Dr. Sehat Sutardja, the Company’s Chief Executive Officer:

(i) In connection with its approval of a broad-based focal grant to the Company’s employees, the Committee approved the grant of (A) a time-based option to purchase 300,000 common shares, with 25% of the shares to vest on each one-year anniversary of the December 15, 2008 vesting period commencement date, and (B) a performance-based option to purchase 390,000 common shares. Each option has a term of 10 years from the date of grant; provided that if the shares subject to the performance-based option shall not have become vested and fully exercisable as of the “10-K Due Date” (as defined below) for the fiscal year ending February 1, 2014, the performance-based option will terminate and be of no further force or effect.

In accordance with the form of “Notice of Grant of Stock Options and Option Agreement – Performance Based” attached hereto as Exhibit 10.1 (the “Grant Notice”), the grant of the stock option subject to the performance-based vesting will be divided into four separate and equal annual performance tranches (each a “Tranche”) of 97,500 unvested options. Each Tranche will be associated with one of four complete fiscal years, beginning with the Company’s fiscal year 2010 and ending with the Company’s fiscal year 2013. The Tranche for any fiscal year will become vested and fully exercisable as of the “10-K Due Date” if the Company’s “Modified GAAP Operating Margin” for such fiscal year is equal to or greater than the 60th percentile of the comparably calculated operating margin for the four consecutive fiscal quarters ending on or before the Company’s fiscal year for the Company’s “Performance Peer Group” (the “Performance Threshold”). If the Company’s Modified GAAP Operating Margin for any fiscal year performance period is less than the applicable Performance Threshold, the options for such Tranche shall not vest immediately, but shall be added to the unvested options of the following year’s Tranche. If at the end of the Company’s fiscal year 2013, any performance-based stock options remain unvested as a result of the Performance Threshold not having been achieved for the Company’s fiscal year 2013, then such shares shall become eligible to vest in a final fifth annual Tranche associated with the Company’s fiscal year 2014. If any performance shares remain unvested as a result of the Performance Threshold not having been achieved for the Company’s fiscal year 2014, the remaining unvested options shall expire. “10-K Due Date” means, with respect to a fiscal year, the prescribed due date on which the Company’s Annual Report on Form 10-K is required to be filed with the Securities and Exchange Commission for the fiscal year. “Modified GAAP Operating Margin” with respect to a company shall mean its operating margin determined by adjusting operating margin calculated under generally accepted accounting principles to exclude the impact of (i) non-cash stock-based compensation charges recognized under Statement of Financial Accounting Standard No. 123 (R) and (ii) non-cash acquisition-related charges, including intangible amortization and in-process research and development charges. “Performance Peer Group” shall mean the group of companies identified in the Grant Notice, provided that if the list of companies remaining in the Performance Peer Group is less than eight for any calculation period, the Performance Peer Group will be expanded to include the U.S.-based publicly traded companies in the Philadelphia Stock Exchange’s Semiconductor Index, or SOX, at that point in time.

(ii) The Committee restored, without increase, Dr. Sehat Sutardja’s annual salary to \$657,000.00 (from \$1.00) effective December 15, 2008. On January 11, 2008, at the request of Dr. Sehat Sutardja, the Compensation Committee had approved a reduction in the annual salary of Dr. Sehat Sutardja to \$1.00 from \$657,000.00, effective as of January 11, 2008.

Approval of Compensation Arrangements for Chief Technology Officer

The Committee approved the following compensation arrangements for Dr. Pantas Sutardja, the Company's Chief Technology Officer and Chief Research and Development Officer:

(i) In connection with its approval of a broad-based focal grant to the Company's employees, the Committee approved the grant of a time-based option to purchase 120,000 common shares, with 25% of the shares to vest on each one-year anniversary of the December 15, 2008 vesting period commencement date. The option has a term of 10 years.

(ii) The Committee restored, without increase, Dr. Pantas Sutardja's annual salary to \$400,000.00 (from \$1.00) effective December 15, 2008. On January 11, 2008, at the request of Dr. Pantas Sutardja, the Committee had approved a reduction in the annual salary of Dr. Pantas Sutardja to \$1.00 from \$400,000.00, effective as of January 11, 2008.

Approval of Equity Grant for Chief Financial Officer

In connection with its approval of a broad-based focal grant to the Company's employees, the Committee approved the grant to Clyde R. Hosein, the Company's Chief Financial Officer, Interim Chief Operating Officer and Secretary, of a time-based option to purchase 100,000 common shares, with 25% of the shares to vest on each one-year anniversary of the December 15, 2008 vesting period commencement date. The option has a term of 10 years.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 10.1 Form of Notice of Grant of Stock Options – Performance-Based, for use with the Amended and Restated 1995 Stock Option Plan.

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: December 19, 2008

MARVELL TECHNOLOGY GROUP LTD.

By: /s/ Clyde Hosein

Clyde Hosein

*Chief Financial Officer, Interim Chief Operating Officer
and Secretary*

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Notice of Grant of Stock Options – Performance-Based, for use with the Amended and Restated 1995 Stock Option Plan.

Notice of Grant of Stock Options and Option Agreement—Performance-Based

Marvell Technology Group Ltd.

ID: 77-0481679
 Canon's Court
 22 Victoria Street
 Hamilton HM 12, Bermuda

[Name]
 [Address]

Option Number:
 Plan:
 ID:

Effective [Date], you have been granted a Non-Qualified Stock Option (the "Option") to buy xxx,xxx shares of Common Stock of Marvell Technology Group Ltd. (the "Company") at \$ [EXERCISE PRICE] per share.

The total aggregate exercise price of the Option granted is \$.

This Option shall become vested and exercisable according to the performance criteria described below, assuming no termination of your Continuous Service prior to each vesting date. For purposes of determining vesting, the following terms shall be used:

- Modified GAAP Operating Margin with respect to a company shall mean its operating margin determined by adjusting operating margin calculated under generally accepted accounting principles ("GAAP Operating Margin") to exclude the impact of (i) non-cash stock-based compensation charges recognized under Statement of Financial Accounting Standard No. 123(R), and (ii) non-cash acquisition-related charges, including intangible amortization and in-process research and development charges.
- Performance Peer Group shall mean Altera Corporation, Analog Devices, Inc., Broadcom Corporation, LSI Corporation, Micron Technology, Inc., National Semiconductor Corporation, Nvidia Corporation, Sandisk Corporation, UTStarcom, Inc. and Xilinx, Inc. The list of companies in the Performance Peer Group shall not change unless they are acquired, go private or declare bankruptcy in which case they will be dropped from the group. If a company in the Performance Peer Group is not current or timely in its financial reporting at the time calculations are made, that company will be disregarded for purposes of determining performance. If in any quarter, the number of companies remaining in the Performance Peer Group drops below eight, the Performance Peer Group will be expanded to include the US-based publicly traded companies in the Philadelphia Stock Exchange's Semiconductor Index, or SOX, at that point in time.
- Full Year Modified GAAP Operating Margin for the Company will be calculated as the Modified GAAP Operating Margin for the Company's fiscal year in each of FY10 for Tranche 1, FY11 for Tranche 2, FY12 for Tranche 3, FY13 for Tranche 4 and FY14 for Tranche 5. With respect to the Performance Peer Group, Full Year Modified GAAP Operating Margin will be calculated as the cumulative Modified GAAP Operating Margin for the four most recently completed fiscal quarters ending on or before the close of the Company's fiscal year from each company in the Performance Peer Group. The Modified GAAP Operating Margin calculation will be done on an annual basis for each Tranche as set forth below:
 - Tranche 1: The Full Year Modified GAAP Operating Margin shall be the four most recently completed fiscal quarters ending on or before the end of the Company's FY10.
 - Tranche 2: The Full Year Modified GAAP Operating Margin shall be the four most recently completed fiscal quarters ending on or before the end of the Company's FY11.
 - Tranche 3: The Full Year Modified GAAP Operating Margin shall be the four most recently completed fiscal quarters ending on or before the end of the Company's FY12.

Tranche 4: The Full Year Modified GAAP Operating Margin shall be the four most recently completed fiscal quarters ending on or before the end of the Company's FY13.

Tranche 5: The Full Year Modified GAAP Operating Margin shall be the four most recently completed fiscal quarters ending on or before the end of the Company's FY14.

- Target Modified GAAP Operating Margin is equal to the 60th percentile or greater of the Full Year Modified GAAP Operating Margin for the Performance Peer Group in the Tranche for which it is calculated (the "Target"). For example, if in FY10 the calculation of Full Year Modified GAAP Operating Margin is calculated for 10 companies in the Performance Peer Group then the Company would need to equal or exceed six of the companies in the Performance Peer Group.
- 10-K Due Date shall mean, with respect to a performance period, the prescribed due date on which the Company's Report on Form 10-K is required to be filed with the SEC for the fiscal year of such performance period.
- For purposes of this agreement, GAAP shall mean generally accepted accounting principles in the United States.
- For purposes of this agreement, FY10 shall mean the fiscal year ending January 30, 2010, FY11 shall mean the fiscal year ending January 29, 2011, FY12 shall mean the fiscal year ending January 28, 2012, FY13 shall mean the fiscal year ending February 2, 2013 and FY14 shall mean the fiscal year ending February 1, 2014.

Twenty-five percent (25%) of the Shares subject to the Option ("Tranche 1") first will be eligible to vest on the FY10 10-K Due Date. If the Company's Full Year Modified GAAP Operating Margin equals or exceeds the Target for FY10, you will vest in Tranche 1. If you do not vest in Tranche 1 on such date, the number of Shares subject to Tranche 1 will be added to Tranche 2.

Twenty-five percent (25%) of the Shares subject to the Option, plus any shares from earlier tranches that did not vest ("Tranche 2") will be eligible to vest on the FY11 10-K Due Date. If the Company's Full Year Modified GAAP Operating Margin equals or exceeds the Target for FY11, you will vest in Tranche 2. If you do not vest in Tranche 2 on such date, the number of Shares subject to Tranche 2 will be added to Tranche 3.

Twenty-five percent (25%) of the Shares subject to the Option, plus any shares from earlier tranches that did not vest ("Tranche 3") will be eligible to vest on the FY12 10-K Due Date. If the Company's Full Year Modified GAAP Operating Margin equals or exceeds the Target for FY12, you will vest in Tranche 3. If you do not vest in Tranche 3 on such date, the number of Shares subject to Tranche 3 will be added to Tranche 4.

Twenty-five percent (25%) of the Shares subject to the Option, plus any shares from earlier tranches that did not vest ("Tranche 4") will be eligible to vest on the FY13 10-K Due Date. If the Company's Full Year Modified GAAP Operating Margin equals or exceeds the Target for FY13, you will vest in Tranche 4. If you do not vest in Tranche 4 on such date, the number of Shares subject to Tranche 4 will be added to Tranche 5.

The remaining number of shares from earlier tranches that did not vest ("Tranche 5") will be eligible to vest on the FY14 10-K Due Date. If the Company's Full Year Modified GAAP Operating Margin equals or exceeds the Target for FY14, you will vest in Tranche 5. If you do not vest in Tranche 5 on such date, this Option shall terminate and be of no further force or effect.

All interpretations and determinations with respect any required calculations or determinations hereunder (including without limitation, the determination of Full Year Modified GAAP Operating Margin and Target shall be made by the Executive Compensation Committee of the Board, whose decisions shall be final and binding on all persons.

The Option shall expire on December 15, 2018, subject to earlier termination as set forth in the attached Option Agreement and this Notice of Grant.

By your signature and the Company’s signature below, you and the Company agree that these options are granted under and governed by the terms and conditions of the Company’s Amended and Restated 1995 Stock Option Plan, as amended, the Option Agreement and Appendix thereto, all of which are attached and made a part of this document.

_____	_____
Marvell Technology Group Ltd.	Date
_____	_____
_____	_____
[Name]	Date
_____	_____