**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, 2009

**MARVELL TECHNOLOGY GROUP LTD.**

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

**Bermuda**

**0-30877**

**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 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 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 5, 2009, Marvell Technology Group Ltd. (“Marvell”) issued a press release regarding its financial results for its fourth fiscal quarter and fiscal year ended January 31, 2009. 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 U.S. generally accepted accounting principles (“GAAP”), Marvell also reports non-GAAP financial measures. Pursuant to the requirements of Regulation G, Marvell has provided reconciliations with the press release of the non-GAAP financial measures to the most directly comparable GAAP financial measures included in the press release. Non-GAAP measures exclude the effect of stock-based compensation, amortization and write off of acquired intangible assets, restructuring costs and certain one-time benefits and costs.

Marvell believes that the presentation of non-GAAP financial measures provides important supplemental information to management and investors regarding financial and business trends relating to its 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. 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 Marvell’s results with that of other companies in its industry.

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 by management in the following areas:

* Management’s determination of the pro forma EPS target utilized to measure the achievement of stock-based bonus compensation for certain Marvell executive officers;
* Management’s evaluation of Marvell’s operating performance;
* Management’s establishment of internal operating budgets; and
* Management’s performance comparisons with internal forecasts and targeted business models.

Non-GAAP financial measures are adjusted by the exclusion of 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 Marvell’s common shares, which is not within the control of management. Accordingly, management excludes 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, and customerrelationships of acquired businesses. Management considers these charges non-cash in nature and unrelated to Marvell’s core operating performance.

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* *Restructuring*. Restructuring represents charges that are not directly related to Marvell’s ongoing or core business results. Management regularlyexcludes such items from internal operating forecasts and models because they are not considered a core operating activity for Marvell 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 Marvell’s performance 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 weighted average shares outstanding (diluted) is adjusted to exclude the potential benefits of SFAS 123R compensation costs expected to be incurred in future periods but not yet recognized in the financial statements. The expected compensation costs are treated as proceeds assumed to be used to repurchase shares under the GAAP treasury stock method. GAAP weighted average shares outstanding (diluted) also includes the dilutive/antidilutive effects of common stock options and restricted stock. Since Marvell’s 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 financial measures 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 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.

**Item 2.05** **Costs Associated with Exit or Disposal Activities**

On March 2, 2009, Marvell’s board of directors approved the implementation of a plan to lower the overall costs and expenses of Marvell in response to the deteriorating economic environment. As a result of this plan and combined with certain cost reduction measures taken in December 2008 and January 2009, Marvell plans to reduce its global workforce by approximately 15 percent, or approximately 850 employees. Marvell estimates that the restructuring charges associated with the reduction in force and consolidation of facilities specifically identified to date will be approximately $20 million, including approximately $14 million related to severance and other employee benefit payments and approximately $6 million related to facility consolidation. This estimate includes restructuring charges recorded in the fiscal fourth quarter of 2009 of approximately $9.7 million, comprised of $6.7 million of severance and other employee benefit payments and $3.0 million of facilities consolidation.

Marvell estimates that the restructuring measures taken to date will result in approximately $15 million in cash payments in calendar 2009. The remainder will be a non-cash accounting-related charge associated with facilities consolidations. Marvell expects the expense reduction actions in the plan to be implemented by the end of calendar year 2009. As Marvell implements the remaining portions of this plan, additional charges will be incurred, the amount of which Marvell cannot reasonably estimate at this time, but which will likely include additional severance and other employee benefit related costs, lease termination costs, facility site consolidations or closures, and impaired asset charges. In the event Marvell incurs additional charges in connection with this plan, Marvell would file an amended report on Form 8-K under this Item 2.05 to provide appropriate estimates related to such additional charges.

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

1. Exhibits.

99.1 Press Release dated March 5, 2009.

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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 5, 2009

MARVELL TECHNOLOGY GROUP LTD.

By: /s/ Clyde Hosein



Clyde Hosein

*Chief Financial Officer, Interim Chief Operating Officer*

*and Secretary*

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**EXHIBIT INDEX**

|  |  |  |
| --- | --- | --- |
| **Exhibit No.** |  | **Description** |
| 99.1 |  | Press Release dated March 5, 2009. |

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**Exhibit 99.1**

|  |  |  |  |
| --- | --- | --- | --- |
| **For further information, contact:** | |  |  |
| Jeff Palmer | | Tom Hayes | |
| Investor Relations | | Corporate Communications | |
| 408-222-8373 |  | 408-222-2815 |  |
| jpalmer@marvell.com | | tom@marvell.com | |
|  |  |  |  |

**Marvell Technology Reports Fiscal Fourth Quarter and Fiscal 2009 Results**

***Revenue: $513 Million, FQ409; $2.95 Billion, FY2009***

***Free Cash Flow: $95 Million, FQ409; $607 Million, FY2009***

***Announces Significant Operating Expense Reduction Actions***

**Santa Clara, California (March 5, 2009)** — Marvell Technology Group Ltd. (NASDAQ: MRVL), a world leader in storage, communications and consumersilicon solutions, today reported financial results for the fourth quarter and fiscal year 2009, ended January 31, 2009.

Net revenue for the fourth quarter of fiscal 2009 was $513 million, a 39 percent decrease from $845 million in the fourth quarter of fiscal 2008, ended February 2, 2008, and a 35 percent sequential decrease from $791 million in the third quarter of fiscal 2009, ended November 1, 2008.

Net revenue for the fiscal year ended January 31, 2009 was $2.95 billion, an increase of approximately 2 percent over net revenue of $2.89 billion for the fiscal year ended February 2, 2008.

GAAP net loss was $65 million, or $0.11 per share (diluted), for the fourth quarter of fiscal 2009, compared with GAAP net income of $1 million, or essentially break-even per share, for the fourth quarter of fiscal 2008. GAAP net income was $71 million, or $0.11 per share (diluted) in the third quarter of fiscal 2009.

GAAP net income was $147 million, or $0.23 per share (diluted), for the year ended January 31, 2009, compared with a GAAP net loss of $114 million, or $0.19 per share (diluted), for the year ended February 2, 2008.

Non-GAAP net income declined to $32 million, or $0.05 per share (diluted), for the fourth quarter of fiscal 2009, a 74 percent decrease compared with non-GAAP net income of $123 million, or $0.20 per share (diluted), for the fourth quarter of fiscal 2008 and a decrease of 78 percent from non-GAAP net income of $145 million, or $0.23 per share (diluted), for the third quarter of fiscal 2009.

Non-GAAP net income was $482 million, or $0.76 per share (diluted), for the fiscal year ended January 31, 2009, compared with non-GAAP net income of $280 million, or $0.44 per share (diluted), for the fiscal year ended February 2, 2008.

“The results for our fourth quarter reflect the challenging business environment our company, and the world, currently faces,” said Dr. Sehat Sutardja, Marvell Chairman and Chief Executive Officer. “Notwithstanding the challenges we encountered during our fourth quarter, we were able to sustain gross margins, act quickly to lower our operating expenses and generate a healthy free cash flow. However, we believe the current economic climate will not substantially improve over the short term. Consequently, we are taking actions to re-align our business to reflect the realities of the current economic environment. We are focused on improving the operating efficiency of our business and lowering the expenses under our control, while reinforcing the long-term financial strength of Marvell. Our results in our fourth quarter demonstrate initial progress toward these goals.”

Marvell is implementing plans to lower the overall costs and expenses of the company in response to the deteriorating economic environment. As a result of this plan and combined with certain cost reduction measures taken in the fourth quarter of fiscal 2009, Marvell plans to reduce its global workforce by approximately 15 percent, or approximately 850 employees. Marvell estimates that the restructuring charges associated with the reduction in force and consolidation of facilities taken to date will be approximately $20 million, including approximately $14 million related to severance and other employee benefit payments and approximately $6 million related to facility consolidation. Marvell expects the expense reduction actions in the plan to be implemented through calendar year 2009. This estimate includes restructuring charges recorded in the fiscal fourth quarter of 2009 of approximately $9.7 million, comprised of $6.7 million of severance and other employee benefit costs and $3.0 million of facilities consolidation. Marvell estimates that the restructuring measures taken to date will result in approximately $15 million in cash payments in calendar year 2009 and the remainder will be a non-cash accounting-related charge associated with facilities consolidation.

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As Marvell implements the remaining portions of this plan, additional charges will be incurred, the amount of which Marvell cannot reasonably estimate at this time, but which will likely include additional severance and other employee benefit related costs, lease termination costs, facility site consolidations or closures, and impaired asset charges.

Marvell reports net income (loss), basic and diluted net income (loss) per share in accordance with U.S. generally accepted accounting principles (GAAP) and on a non-GAAP basis as outlined below. Reconciliations of GAAP net income (loss) to non-GAAP net income for the three months ended January 31,

2009, November 1, 2008 and February 2, 2008 and fiscal years ended January 31, 2009 and February 2, 2008, respectively, appear in the financial statements below. Non-GAAP net income, where applicable, excludes the effect of stock-based compensation, amortization and write-offs of acquired intangible assets, restructuring costs, and certain one-time expenses or benefits.

GAAP gross margin for the fourth quarter of fiscal 2009 was 50.7 percent, compared to 48.1 percent for the fourth quarter of fiscal 2008, and 52.1 percent for the third quarter of fiscal 2009. GAAP gross margin for fiscal 2009 was 51.6% compared to 48.3% for fiscal 2008.

Non-GAAP gross margin for the fourth quarter of fiscal 2009 was 51.3 percent, compared to 48.7 percent for the fourth quarter of fiscal 2008 and 52.3 percent for the third quarter of fiscal 2009. Non-GAAP gross margin for fiscal 2009 was 52 percent compared to 48.8 percent for fiscal 2008.

Shares used to compute GAAP net loss per diluted share, for the fourth quarter of fiscal 2009 were 615 million shares, compared with 627 million shares in the fourth quarter of fiscal 2008 and 631 million shares in the third quarter of fiscal 2009. Shares used to compute non-GAAP net income per diluted share for the fourth quarter of fiscal 2009 were 629 million shares compared with 627 million shares for the fourth quarter of fiscal 2008 and 633 million shares for the third quarter of fiscal 2009.

Shares used to compute GAAP net income per diluted share, for the fiscal year ended January 31, 2009 were 630 million shares, compared with shares used to compute GAAP net loss per diluted share of 590 million shares for the fiscal year ended February 2, 2008. Shares used to compute non-GAAP net income per diluted

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share for the fiscal year ended January 31, 2009 were 630 million shares compared with 630 million shares for the fiscal year ended February 2, 2008.

Cash flow from operations for the fourth quarter of fiscal 2009 was $109 million, down 33 percent from the $163 million in the fourth quarter of fiscal 2008 and down 58 percent sequentially from the $258 million reported in the third quarter of fiscal 2009. Cash flow from operations for fiscal 2009 was $681 million, as compared to $177 million for fiscal 2008. Free cash flow, defined as cash flow from operations, less capital expenditures, was $95 million, down 27 percent from the $131 million in the fourth quarter of fiscal 2008 and down 61 percent sequentially from the $246 million reported in the third quarter of fiscal 2009. Free cash flow for the year was $607 million in fiscal 2009 as compared to $64 million in fiscal 2008.

**Conference Call**

Marvell will be conducting a conference call on March 5, 2009 at 2:00 p.m. PST to discuss results for the fourth quarter and fiscal year ended January 31, 2009. Interested parties may dial-in to the conference call at **1-800-299-9630, pass-code 70089700**. The call is being webcast by ThomsonReuters and can be accessed at Marvell’s website under the Investor Events section of the Investor Relations page at http://www.marvell.com/investors/events.jsp. Replay on the internet will be available following the call until April 4, 2009.

**Discussion of Non-GAAP Financial Measures**

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

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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, 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 Marvell’s Current Report on Form 8-K filed today with the SEC. The Form 8-K is available on the SEC’s website at **www.sec.gov** as well as on the Marvell website in the Investor Relations section at www.marvell.com.

**About Marvell**

Marvell Technology (NASDAQ: MRVL) is a global leader in the development of storage, communications and consumer silicon solutions. Marvell’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. For more information visit www.marvell.com

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**Forward-Looking Statements**

This press release contains forward-looking statements that involve risks and uncertainties, including statements regarding our expectations about when the current economic climate may change; our ability to re-align our business to the current economic environment; the magnitude and financial impact of the reduction in force; and statements concerning the Company’s use of non-GAAP net income and net income per share as important supplemental information. These statements are not guarantees of results and should not be considered as an indication of future performance. Actual events or results may differ materially from those described in this document due to a number of risks and uncertainties, including, among others, the Company’s reliance on major customers and suppliers; market acceptance of new products; uncertainty in the worldwide economic environment; successful execution of the Company’s restructuring plan and other risks detailed in Marvell’s SEC filings. When Marvell files its Form 10-K for fiscal year 2009, 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 Quarterly Report on Form 10-Q for the quarter ended November 1, 2008 and Current Reports on Form 8-K, as filed with the SEC 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.

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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 31,** | | |  | **November 1,** | | | **February 2,** | |  | **January 31,** | | |  | **February 2,** | |  |  |
|  |  |  | **2009** |  |  |  | **2008** |  |  | **2008** |  |  | **2009** |  |  |  | **2008** |  |  |
|  | Net revenue | $ | 512,867 |  | $ | | 791,046 |  | $ | 844,686 | | $ | 2,950,563 | | $ | | 2,894,693 |  |  |
|  | Cost of goods sold |  | 252,732 |  |  |  | 379,137 |  |  | 438,640 |  |  | 1,426,624 |  |  |  | 1,497,796 |  |  |
|  | Gross profit |  | 260,135 |  |  |  | 411,909 |  |  | 406,046 | |  | 1,523,939 | |  |  | 1,396,897 |  |  |
|  | Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Research and development |  | 207,579 |  |  |  | 234,222 |  |  | 266,464 | |  | 929,990 | |  |  | 988,996 |  |  |
|  | Selling and marketing |  | 31,893 |  |  |  | 41,158 |  |  | 60,504 | |  | 160,973 | |  |  | 211,261 |  |  |
|  | General and administrative |  | 31,979 |  |  |  | 28,869 |  |  | 48,340 | |  | 104,788 | |  |  | 138,640 |  |  |
|  | Amortization and write-off of acquired intangible assets |  | 48,274 |  |  |  | 34,814 |  |  | 43,810 | |  | 153,323 | |  |  | 155,734 |  |  |
|  | Restructuring |  | 9,689 |  |  |  | — |  |  | 7,856 |  |  | 9,689 |  |  |  | 7,856 |  |  |
|  | Total operating expenses |  | 329,414 |  |  |  | 339,063 |  |  | 426,974 |  |  | 1,358,763 |  |  |  | 1,502,487 |  |  |
|  | Operating income (loss) |  | (69,279) | |  |  | 72,846 |  |  | (20,928) | |  | 165,176 | |  |  | (105,590) | |  |
|  | Interest and other income (expense), net |  | (440) | |  |  | 11,543 |  |  | 14,910 | |  | 5,657 | |  |  | (12,398) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) before income taxes |  | (69,719) | |  |  | 84,389 |  |  | (6,018) | |  | 170,833 | |  |  | (117,988) | |  |
|  | Provision (benefit) for income taxes |  | (4,709) | |  |  | 13,443 |  |  | (7,311) | |  | 23,591 | |  |  | (3,561) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income (loss) | $ | (65,010) | | $ | | 70,946 |  | $ | 1,293 | | $ | 147,242 | | $ | | (114,427) | |  |
| Basic net income (loss) per share | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | (0.11) | | $ | | 0.12 |  | $ | 0.00 | | $ | 0.24 | | $ | | (0.19) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Diluted net income (loss) per share | $ | (0.11) | | $ | | 0.11 |  | $ | 0.00 | | $ | 0.23 | | $ | | (0.19) | |  |
| Shares used in computing basic earnings per share | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 614,960 |  |  |  | 611,945 |  |  | 595,512 | |  | 608,747 | |  |  | 590,308 |  |  |
|  | Shares used in computing diluted earnings per share |  | 614,960 |  |  |  | 630,810 |  |  | 626,699 | |  | 630,328 | |  |  | 590,308 |  |  |

**Marvell Technology Group Ltd.**

**Reconciliation of Non-GAAP Adjustments**

**(Unaudited)**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  | **Three Months Ended** | | | |  |  |  |  |  |  |  |  | **Three Months Ended** | | | |  |  |  |  |  | **Three Months Ended** | | | | |  |  |  |  |
|  |  |  |  |  |  | **January 31, 2009** | | | |  |  |  |  |  |  |  |  | **November 1, 2008** | | | |  |  |  |  |  |  | **February 2, 2008** | | | |  |  |  |  |
|  |  |  |  | **GAAP** |  |  | **Adjustments** | |  |  | **Non-GAAP** | |  |  |  | **GAAP** |  |  | **Adjustments** | |  | **Non-GAAP** | |  |  | **GAAP** |  |  | **Adjustments** | |  | **Non-GAAP** | |  |  |
|  | Net revenue | $ | | 512,867 | | $ | | — | | $ | | 512,867 | | $ | | 791,046 |  | $ | | — | | $ | 791,046 | | $ | 844,686 |  | $ | | — | | $ | 844,686 | |  |
|  | Cost of goods sold |  |  | 252,732 |  |  |  | 3,021(a) | |  |  | 249,711 | |  |  | 379,137 |  |  |  | 1,795(a) | |  | 377,342 | |  | 438,640 |  |  |  | 4,911(a) | |  | 433,729 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit |  |  | 260,135 |  |  |  | 3,021 |  |  |  | 263,156 |  |  |  | 411,909 |  |  |  | 1,795 |  |  | 413,704 | |  | 406,046 |  |  |  | 4,911 |  |  | 410,957 | |  |
|  | Gross margin |  |  | 50.7% | | |  |  |  |  |  | 51.3% | |  |  | 52.1% | | |  |  |  |  | 52.3% | |  | 48.1% | |  |  |  |  |  | 48.7% | |  |
|  | Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Research and development |  |  | 207,579 | |  |  | 33,358(a) | |  |  | 177,873 | |  |  | 234,222 |  |  |  | 30,607(a) | |  | 203,615 | |  | 266,464 |  |  |  | 45,627(a) | |  | 220,837 | |  |
|  |  |  |  |  |  |  |  | (3,652)(b) | |  |  |  |  |  |  |  |  |  |  | — | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Selling and marketing |  |  | 31,893 | |  |  | 4,677(a) | |  |  | 28,539 | |  |  | 41,158 |  |  |  | 6,896(a) | |  | 34,262 | |  | 60,504 |  |  |  | 13,925(a) | |  | 46,579 | |  |
|  |  |  |  |  |  |  |  | (1,323)(b) | |  |  |  |  |  |  |  |  |  |  | — | |  | — | |  |  |  |  |  |  |  |  |  |  |  |
|  | General and administrative |  |  | 31,979 | |  |  | 3,645(a) | |  |  | 28,651 | |  |  | 28,869 |  |  |  | 280(a) | |  | 28,589 | |  | 48,340 |  |  |  | 5,497(a) | |  | 42,843 | |  |
|  |  |  |  |  |  |  |  | (317)(b) | |  |  |  |  |  |  |  |  |  |  | — | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Amortization and write-off of |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | acquired intangible assets |  |  | 48,274 | |  |  | 48,274(c) | |  |  | — | |  |  | 34,814 |  |  |  | 34,814(c) | |  | — | |  | 43,810 |  |  |  | 43,810(c) | |  | — | |  |
|  | Restructuring |  |  | 9,689 | |  |  | 9,689(d) | |  |  | — | |  |  |  |  |  |  | — | |  | — | |  | 7,856 |  |  |  | 7,856(d) | |  | — | |  |
|  | Total operating |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | expenses |  |  | 329,414 |  |  |  | 94,351 |  |  |  | 235,063 |  |  |  | 339,063 |  |  |  | 72,597 |  |  | 266,466 | |  | 426,974 |  |  |  | 116,715 |  |  | 310,259 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating income (loss) |  |  | (69,279) | |  |  | 97,372 |  |  |  | 28,093 | |  |  | 72,846 |  |  |  | 74,392 |  |  | 147,238 | |  | (20,928) | |  |  | 121,626 |  |  | 100,698 | |  |
|  | Interest and other income (expense), |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | net |  |  | (440) | |  |  | — | |  |  | (440) | |  |  | 11,543 | |  |  | — | |  | 11,543 | |  | 14,910 |  |  |  | — | |  | 14,910 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) before income taxes |  |  | (69,719) | |  |  | 97,372 |  |  |  | 27,653 | |  |  | 84,389 |  |  |  | 74,392 |  |  | 158,781 | |  | (6,018) | |  |  | 121,626 |  |  | 115,608 | |  |
|  | Provision for income taxes |  |  | (4,709) | |  |  | — | |  |  | (4,709) | |  |  | 13,443 |  |  |  | — | |  | 13,443 | |  | (7,311) | |  |  | — | |  | (7,311) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income (loss) | $ | | (65,010) | | $ | | 97,372 |  | $ | | 32,362 | | $ | | 70,946 |  | $ | | 74,392 |  | $ | 145,338 | | $ | 1,293 |  | $ | | 121,626 |  | $ | 122,919 | |  |
| Basic net income (loss) per share | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | | (0.11) | |  |  |  |  | $ | | 0.05 | | $ | | 0.12 |  |  |  |  |  | $ | 0.24 | | $ | 0.00 |  |  |  |  |  | $ | 0.21 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Diluted net income (loss) per share | $ | | (0.11) | |  |  |  |  | $ | | 0.05 | | $ | | 0.11 | |  |  |  |  | $ | 0.23 | | $ | 0.00 |  |  |  |  |  | $ | 0.20 | |  |
| Shares used in computing basic | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | earnings per share |  |  | 614,960 | |  |  |  |  |  |  | 614,960 | |  |  | 611,945 | |  |  |  |  |  | 611,945 | |  | 595,512 |  |  |  |  |  |  | 595,912 | |  |
|  | Shares used in computing diluted |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | earnings per share |  |  | 614,960 | |  |  |  |  |  |  | 628,992 | |  |  | 630,810 |  |  |  |  |  |  | 632,550 | |  | 626,699 |  |  |  |  |  |  | 627,241 | |  |

1. Consists of employee stock-based compensation expense
2. Consists of reversal of remaining payroll related tax liabilities initially recorded in prior years in connection with the stock option backdating.
3. Consists of amortization and write-off of intangible assets
4. Consists of

For three months ending January 31, 2009, severance and facilities related restructuring charges. For three months ending February 2, 2008, severance related restructuring charges.

2

**Marvell Technology Group Ltd.**

**Reconciliation of Non-GAAP Adjustments**

**(Unaudited)**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | **Year Ended** | |  |  |  |  |  |  |  | **Year Ended** | | |  |  |  |  |
|  |  |  |  |  | **January 31, 2009** | | | |  |  |  |  |  |  | **February 2, 2008** | | | |  |  |  |  |
|  |  |  | **GAAP** |  |  | **Adjustments** | | | **Non-GAAP** | |  |  | **GAAP** | |  | **Adjustments** | | | **Non-GAAP** | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net revenue | $ | 2,950,563 | | $ | | — | | $ | 2,950,563 | | $ | 2,894,693 | | $ | | — | | $ | 2,894,693 | |  |
|  | Cost of goods sold |  | 1,426,624 | |  |  | 11,644(a) | |  | 1,414,980 | |  | 1,497,796 | |  |  | 15,530(a) | |  | 1,482,266 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit |  | 1,523,939 | |  |  | 11,644 | |  | 1,535,583 | |  | 1,396,897 | |  |  | 15,530 | |  | 1,412,427 | |  |
|  | Gross margin |  | 51.6% | |  |  |  |  |  | 52.0% | |  | 48.3% | |  |  |  |  |  | 48.8% | |  |
|  | Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Research and development |  | 929,990 | |  |  | 126,895(a) | |  | 806,747 | |  | 988,996 | |  |  | 152,249(a) | |  | 836,747 | |  |
|  |  |  |  |  |  |  | (3,652)(b) | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Selling and marketing |  | 160,973 | |  |  | 25,080(a) | |  | 137,216 | |  | 211,261 | |  |  | 39,022(a) | |  | 172,239 | |  |
|  |  |  |  |  |  |  | (1,323)(b) | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | General and administrative |  | 104,788 | |  |  | 13,513(a) | |  | 91,592 | |  | 138,640 | |  |  | 24,179(a) | |  | 114,461 | |  |
|  |  |  |  |  |  |  | (317)(b) | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Amortization and write-off of acquired intangible |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | assets |  | 153,323 | |  |  | 153,323(c) | |  | — | |  | 155,734 | |  |  | 155,734(c) | |  | — | |  |
|  | Restructuring |  | 9,689 | |  |  | 9,689(d) | |  | — | |  | 7,856 | |  |  | 7,856(d) | |  | — | |  |
|  | Total operating expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 1,358,763 | |  |  | 323,208 |  |  | 1,035,555 | |  | 1,502,487 | |  |  | 379,040 | |  | 1,123,447 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating income (loss) |  | 165,176 | |  |  | 334,852 |  |  | 500,028 | |  | (105,590) | |  |  | 394,570 | |  | 288,980 | |  |
|  | Interest and other income (expense), net |  | 5,657 | |  |  | — | |  | 5,657 | |  | (12,398) | |  |  | — | |  | (12,398) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) before income taxes |  | 170,833 | |  |  | 334,852 |  |  | 505,685 | |  | (117,988) | |  |  | 394,570 | |  | 276,582 | |  |
|  | Provision for income taxes |  | 23,591 | |  |  | — | |  | 23,591 | |  | (3,561) | |  |  | — | |  | (3,561) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income (loss) | $ | 147,242 | | $ | | 334,852 |  | $ | 482,094 | | $ | (114,427) | | $ | | 394,570 | | $ | 280,143 | |  |
| Basic net income (loss) per share | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 0.24 | |  |  |  |  | $ | 0.79 | | $ | (0.19) | |  |  |  |  | $ | 0.47 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Diluted net income (loss) per share | $ | 0.23 | |  |  |  |  | $ | 0.76 | | $ | (0.19) | |  |  |  |  | $ | 0.44 | |  |
| Shares used in computing basic earnings per share | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 608,747 | |  |  |  |  |  | 608,747 | |  | 590,308 | |  |  |  |  |  | 590,308 | |  |
|  | Shares used in computing diluted earnings per share |  | 630,328 | |  |  |  |  |  | 630,456 | |  | 590,308 | |  |  |  |  |  | 630,468 | |  |

1. Consists of employee stock-based compensation expense.
2. Consists of reversal of remaining payroll related tax liabilities initially recorded in prior years in connection with the stock option backdating.
3. Consists of amortization and write-off of intangible assets.
4. Consists of

For year ending January 31, 2009, severance and facilities related restructuring charges. For year ending February 2, 2008, severance related restructuring charges.

3

**Marvell Technology Group Ltd.**

**Condensed Consolidated Balance Sheets**

**(Unaudited)**

**(In thousands)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **January 31,** | | |  | **February 2,** | | |  |
|  |  |  |  | **2009** |  |  |  | **2008** |  |  |
|  | **Assets** |  |  |  |  |  |  |  |  |  |
|  | Current assets: |  |  |  |  |  |  |  |  |  |
|  | Cash, cash equivalents, and short-term investments | $ | | 951,909 |  | $ | | 630,902 |  |  |
|  | Accounts receivable, net |  |  | 222,101 |  |  |  | 332,020 |  |  |
|  | Inventories |  |  | 310,654 |  |  |  | 419,494 |  |  |
|  | Prepaid expenses, deferred income taxes and other current assets |  |  | 75,651 |  |  |  | 121,325 |  |  |
|  | Total current assets |  |  | 1,560,315 |  |  |  | 1,503,741 |  |  |
|  | Property and equipment, net |  |  | 390,853 |  |  |  | 416,241 |  |  |
|  | Long-term investments |  |  | 40,541 |  |  |  | 45,628 |  |  |
|  | Goodwill and acquired intangible assets, net |  |  | 2,284,164 |  |  |  | 2,427,877 |  |  |
|  | Other non-current assets |  |  | 138,327 |  |  |  | 157,107 |  |  |
|  | Total assets | $ | | 4,414,200 |  | $ | | 4,550,594 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **Liabilities and Shareholders’ Equity** |  |  |  |  |  |  |  |  |  |
|  | Current liabilities: |  |  |  |  |  |  |  |  |  |
|  | Accounts payable | $ | | 139,028 |  | $ | | 231,135 |  |  |
|  | Accrued liabilities |  |  | 175,135 |  |  |  | 241,062 |  |  |
|  | Income taxes payable |  |  | 35,803 |  |  |  | 39,132 |  |  |
|  | Deferred income |  |  | 57,895 |  |  |  | 69,420 |  |  |
|  | Current portion of capital lease obligations |  |  | 1,787 |  |  |  | 2,463 |  |  |
|  | Total current liabilities |  |  | 409,648 |  |  |  | 583,212 |  |  |
|  | Capital lease obligations, net of current portion |  |  | 2,451 |  |  |  | 4,238 |  |  |
|  | Term loan obligations, long-term portion |  |  | — | |  |  | 390,750 |  |  |
|  | Other long-term liabilities |  |  | 173,034 |  |  |  | 160,875 |  |  |
|  | Total liabilities |  |  | 585,133 |  |  |  | 1,139,075 |  |  |
|  | Shareholders’ equity: |  |  |  |  |  |  |  |  |  |
|  | Common stock |  |  | 1,233 |  |  |  | 1,200 |  |  |
|  | Additional paid-in capital |  |  | 4,372,265 |  |  |  | 4,100,659 |  |  |
|  | Accumulated other comprehensive income (loss) |  |  | (718) | |  |  | 615 |  |  |
|  | Accumulated deficit |  |  | (543,713) | |  |  | (690,955) | |  |
|  | Total shareholders’ equity |  |  | 3,829,067 |  |  |  | 3,411,519 |  |  |
|  | Total liabilities and shareholders’ equity | $ | | 4,414,200 |  | $ | | 4,550,594 |  |  |
|  |  | 4 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Cash Flows**

**(Unaudited)**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended** | | | | | |  | **Year Ended** | | | |  |
|  |  |  | **January 31,** | | |  | **February 2,** | |  |  | **January 31,** | | **February 2,** |  |  |
|  |  |  |  | **2009** |  |  |  | **2008** |  | **2009** | |  | **2008** |  |  |
|  | Cash flows from operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net income (loss) | $ | | (65,010) | | $ | | 1,293 |  | $ 147,242 | | | $ (114,427) | |  |
|  | Adjustments to reconcile net income (loss) to net cash provided by operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Depreciation and amortization |  |  | 27,038 |  |  |  | 27,008 |  | 112,824 | | | 105,812 |  |  |
|  | Stock-based compensation |  |  | 44,701 |  |  |  | 69,960 |  | 177,132 | | | 230,980 |  |  |
|  | Amortization and write-off of acquired intangible assets |  |  | 48,274 |  |  |  | 43,810 |  | 153,323 | | | 155,734 |  |  |
|  | Gain (loss) from disposal of assets |  |  | — | |  |  | 3,300 |  |  | — | | (1,822) | |  |
|  | Fair market value adjustment to Intel inventory sold |  |  | (1,196) | |  |  | (5,348) | | (15,359) | | | (109,262) | |  |
|  | Termination of supply contract |  |  | — | |  |  | (22,069) | |  | — | | (22,069) | |  |
|  | Interest expense related to supply contract |  |  | — | |  |  | 1,165 |  |  | — | | 5,833 |  |  |
|  | Deferred tax (provision) benefit |  |  | (17,467) | |  |  | (13,783) | | (17,467) | | | (13,783) | |  |
|  | Excess tax benefits from stock-based compensation |  |  | (9) | |  |  | 22 |  | (365) | | | (278) | |  |
|  | Changes in assets and liabilities, net of assets acquired and liabilities assumed in acquisitions: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Restricted cash |  |  | — | |  |  | — | | (24,500) | | | — | |  |
|  | Accounts receivable |  |  | 175,735 |  |  |  | 55,169 |  | 109,919 | | | (1,763) | |  |
|  | Inventories |  |  | 31,088 |  |  |  | (43,441) | | 126,938 | | | (202,275) | |  |
|  | Prepaid expenses and other assets |  |  | 1,629 |  |  |  | 8,798 |  | 63,476 | | | 108,321 |  |  |
|  | Accounts payable |  |  | (82,791) | |  |  | 22,920 |  | (88,795) | | | (8,187) | |  |
|  | Accrued liabilities and other |  |  | (13,016) | |  |  | 17,134 |  | (36,709) | | | 10,880 |  |  |
|  | Accrued employee compensation |  |  | (44,615) | |  |  | (1,645) | | (26,956) | | | 8,852 |  |  |
|  | Income taxes payable |  |  | 11,607 |  |  |  | 6,037 |  | 11,507 | | | 1,845 |  |  |
|  | Deferred income |  |  | (6,825) | |  |  | (6,872) | | (11,525) | | | 22,961 |  |  |
|  | Net cash provided by operating activities |  |  | 109,143 |  |  |  | 163,458 |  |  | 680,685 |  | 177,352 |  |  |
|  | Cash flows from investing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Cash paid in acquisitions, net |  |  | (5,287) | |  |  | (12,846) | | (5,287) | | | (19,987) | |  |
|  | Purchases of investments |  |  | — | |  |  | (96,979) | | (10,172) | | | (263,209) | |  |
|  | Sales and maturities of short-term and long-term investments |  |  | — | |  |  | 110,390 |  | 29,181 | | | 230,906 |  |  |
|  | Acquisition costs |  |  | — | |  |  | (132) | |  | — | | (1,340) | |  |
|  | Purchases of technology licenses |  |  | (2,550) | |  |  | (3,650) | | (5,200) | | | (23,175) | |  |
|  | Purchases of property and equipment |  |  | (13,931) | |  |  | (32,327) | | (73,243) | | | (113,462) | |  |
|  | Proceeds from sale of assets under construction |  |  | — |  |  |  | — |  |  | — |  | 5,122 |  |  |
|  | Net cash used in investing activities |  |  | (21,768) | |  |  | (35,544) | | (64,721) | | | (185,145) | |  |
|  | Cash flows from financing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Proceeds from the issuance of common shares |  |  | 12,192 |  |  |  | 33,614 |  | 92,645 | | | 65,903 |  |  |
|  | Principal payments on capital lease and debt obligations |  |  | (192,174) | |  |  | (1,159) | | (397,213) | | | (10,748) | |  |
|  | Excess tax benefits from stock-based compensation |  |  | 9 |  |  |  | (22) | | 365 | | | 278 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net cash provided by (used in) financing activities |  |  | (179,973) | |  |  | 32,433 |  | (304,203) | | | 55,433 |  |  |
| Net increase (decrease) in cash and cash equivalents | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | (92,598) | |  |  | 160,347 |  | 311,761 | | | 47,640 |  |  |
|  | Cash and cash equivalents at beginning of period |  |  | 1,020,007 |  |  |  | 455,301 |  |  | 615,648 |  | 568,008 |  |  |
| Cash and cash equivalents at end of period | | $ | | 927,409 |  | $ | | 615,648 |  | $ 927,409 | | | $ 615,648 |  |  |
| 5 | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |