**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): February 23, 2012**



**MARVELL TECHNOLOGY GROUP LTD.**

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



**Bermuda**

**000-30877**

**77-0481679**

**(State or other jurisdiction of**

**incorporation)**

**(Commission**

**File Number)**

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

**Identification No.)**

**Canon’s Court**

**22 Victoria Street**

**Hamilton HM 12**

**Bermuda**

**(Address of principal executive offices)**

**(441) 296-6395**

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

**N/A**

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



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

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



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

The information in Item 2.02 of this Current Report, including the accompanying exhibit, 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 February 23, 2012, Marvell Technology Group Ltd. (“Marvell”) issued a press release regarding its financial results for its fourth fiscal quarter and fiscal year ended January 28, 2012. 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 financial measures exclude the effect of stock-based compensation, amortization of acquired intangible assets, acquisition-related costs, restructuring costs, and certain one-time expenses and benefits.

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. 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 utilized to measure the achievement of stock-based awards (adjustments may vary from award to award) 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, restricted stock units and purchases made throughMarvell’s employee stock purchase plan. Stock-based compensation 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.

2

* *Amortization of acquired intangible assets*. Purchased intangible assets relate primarily to existing and core technology, and customer relationships ofacquired businesses. Management considers these charges non-cash in nature and unrelated to Marvell’s core operating performance.
* *Acquisition-related costs*. Acquisition-related costs primarily include the step-up in fair value of acquired inventory that was sold during the period,and the amortization of retention bonuses required by the terms of the acquisition. Management believes these charges are unrelated to the core operating activities for Marvell, and 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.
* *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.
* *Other*. From time to time, Marvell has other costs/benefits that are not directly related to Marvell’s ongoing or core business results. Excluding thisdata 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 (diluted), the GAAP weighted average shares outstanding (diluted) is adjusted to exclude the benefits of stock-based compensation costs attributable to future services and 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. 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 9.01 Financial Statements and Exhibits.**

1. Exhibits.

99.1 Press Release dated February 23, 2012

3

**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: February 23, 2012

MARVELL TECHNOLOGY GROUP LTD.

By: /s/ Clyde R. Hosein



Clyde R. Hosein

*Chief Financial Officer and Secretary*

4

**EXHIBIT INDEX**

Exhibit No.

Description

99.1

Press Release dated February 23, 2012

**Exhibit 99.1**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **For further information, contact:** | |  |  |  |
| Sukhi Nagesh | |  | Daniel Yoo | |
| Investor Relations | |  | Media Relations | |
| 408-222-8373 |  | 408-222-2187 | |  |
| sukhi@marvell.com |  |  | yoo@marvell.com |  |
|  |  | **Marvell Technology Group Ltd. Reports Fourth Fiscal Quarter and Fiscal** | | |
|  |  | **Year 2012 Financial Results** | | |
|  |  | ***Revenue: F4Q12, $743 Million; FY2012, $3.39 Billion*** | | |
|  |  | ***GAAP Net Income: F4Q12, $81 Million; FY2012, $615 Million*** | | |
|  |  | ***Non GAAP Net Income: F4Q12, $127 Million; FY2012, $795 Million*** | | |
|  |  | ***Free Cash Flow: F4Q12, $38 Million; FY2012, $669 Million*** | | |

**Santa Clara, Calif. (February 23, 2012)** — Marvell Technology Group Ltd. (NASDAQ: MRVL), a global leader in integrated silicon solutions, today reportedfinancial results for the fourth fiscal quarter and fiscal year 2012, ended January 28, 2012.

Revenue for the fourth quarter of fiscal 2012 was $743 million, a 22 percent sequential decrease from $950 million in the third quarter of fiscal 2012, ended October 29, 2011, and down 18 percent from $901 million in the fourth quarter of fiscal 2011, ended January 29, 2011.

For the fiscal year ended January 28, 2012, revenue was $3.39 billion, a decrease of 6 percent from revenue of $3.61 billion for the fiscal year ended January 29, 2011.

GAAP net income for the fourth quarter of fiscal 2012 was $81 million, or $0.13 per share (diluted), compared with GAAP net income of $195 million, or $0.32 per share (diluted) in the third quarter of fiscal 2012, and $223 million, or $0.33 per share (diluted), for the fourth quarter of fiscal 2011.

For the year ended January 28, 2012, GAAP net income was $615 million, or $0.99 per share (diluted), compared with GAAP net income of $904 million, or $1.34 per share (diluted), for the year ended January 29, 2011.

Non-GAAP net income was $127 million, or $0.21 per share (diluted), for the fourth quarter of fiscal 2012, compared with non-GAAP net income of $244 million, or $0.40 per share (diluted) for the third quarter of fiscal 2012 and $273 million, or $0.40 per share (diluted), for the fourth quarter of fiscal 2011.

For the fiscal year ended January 28, 2012, non-GAAP net income was $795 million, or $1.27 per share (diluted), as compared with non-GAAP net income of $1.11 billion, or $1.64 per share (diluted) for the fiscal year ended January 29, 2011.

“Fiscal year 2012 was a challenging year for Marvell in which we endured not only a choppy macro-economic environment but also the effects of an earthquake, massive floods, and product transitions at one of our largest customers. In spite of these challenges, Marvell delivered excellent profitability and free cash flow margins while simultaneously increasing our investments for several new initiatives,” said Dr. Sehat Sutardja, Marvell’s Chairman and Chief Executive Officer. “During fiscal 2012, Marvell was successful in several new products and initiatives. Our China TD business is now producing tangible results, our SSD revenue has exceeded expectations and our networking business is growing due to new products and share gains. As a result of these new initiatives and the recovery in the hard disk drive industry, we expect to see steady improvement in each of our end markets in the new fiscal year.”

Marvell reports net income, basic and diluted net income 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 to non-GAAP net income for the three months ended January 28, 2012, October 29, 2011 and January 29, 2011, and for the year ended January 28, 2012 and January 29, 2011, appear in the financial statements below. Non-GAAP net income, where applicable, excludes the effect of stock-based compensation, amortization of acquired intangible assets, acquisition-related costs, restructuring costs, and certain one-time expenses or benefits.

GAAP gross margin for the fourth quarter of fiscal 2012 was 54.1 percent, compared to 56.6 percent for the third quarter of fiscal 2012 and 58.7 percent for the fourth quarter of fiscal 2011. GAAP gross margin for fiscal year 2012 was 56.8 percent compared to 59.2 percent for fiscal year 2011.

2

Non-GAAP gross margin for the fourth quarter of fiscal 2012 was 54.5 percent, compared to 56.8 percent for the third quarter of fiscal 2012 and 59.4 percent for the fourth quarter of fiscal 2011. Non-GAAP gross margin for fiscal year 2012 was 57 percent compared to 59.7 percent for fiscal year 2011.

Shares used to compute GAAP net income per diluted share for the fourth quarter of fiscal 2012 were 599 million shares, compared with 613 million shares in the third quarter of fiscal 2012 and 679 million shares in the fourth quarter of fiscal 2011. Shares used to compute GAAP net income per diluted share for fiscal year 2012 were 623 million shares as compared with 677 million shares for fiscal year 2011.

Shares used to compute non-GAAP net income per diluted share for the fourth quarter of fiscal 2012 were 606 million shares, compared with 615 million shares for the third quarter of fiscal 2012 and 685 million shares for the fourth quarter of fiscal 2011. Shares used to compute non-GAAP net income per diluted share for fiscal year 2012 were 627 million shares as compared with 681 million shares for fiscal year 2011. The decrease in shares used to compute both Marvell’s GAAP and non-GAAP net income per diluted share was primarily due to Marvell’s share repurchase program.

Cash flow from operations for the fourth quarter of fiscal 2012 was $69 million, down from the $262 million reported in the third quarter of fiscal 2012 and down from the $251 million in the fourth quarter of fiscal 2011. Free cash flow for the fourth quarter of fiscal 2012 was $38 million, down from the $239 million reported in the third quarter of fiscal 2012 and down from the $213 million in fourth quarter of fiscal 2011. Free cash flow for fiscal year 2012 was $669 million as compared to $1.08 billion in fiscal year 2011. Free cash flow as presented above is defined as cash flow from operations, less capital expenditures and purchases of IP licenses.

Under the share repurchase program, Marvell repurchased approximately 13.5 million shares for a total of $186 million in the fourth quarter of fiscal 2012. Over the past six quarters, Marvell has repurchased and retired approximately 93 million, or about 14 percent, of its outstanding shares demonstrating its commitment to returning shareholder value.

**Conference Call**

Marvell will be conducting a conference call on February 23, 2012 at 1:45 p.m. Pacific Time to discuss results for the fourth fiscal quarter and fiscal year 2012. Interested parties may join the conference call by dialing

3

**1-866-510-0711 or 1-617-597-5379, pass-code 29835186**. The call will be webcast by Thomson Reuters and can be accessed at the Marvell Investor Relationswebsite at http://investor.marvell.com/ with a replay available following the call until March 23, 2012.

**Discussion of Non-GAAP Financial Measures**

Non-GAAP financial measures exclude the effect of stock-based compensation expense, amortization of acquired intangible assets, acquisition-related costs, restructuring costs, and certain one-time expenses and benefits that are driven primarily by discrete events that management does not consider to be directly related to Marvell’s core operating performance. Non-GAAP net income per share is calculated by dividing non-GAAP net income by non-GAAP weighted average shares outstanding (diluted). For purposes of calculating non-GAAP net income per share (diluted), the GAAP weighted average shares outstanding (diluted) is adjusted to exclude the benefits of stock compensation costs attributable to future services and 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/anti-dilutive effects of common stock options and restricted stock.

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.

4

**About Marvell**

Marvell 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 term “Marvell” refers to Marvell Technology Group Ltd. and its subsidiaries. For more information please visit www.marvell.com.

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

This press release contains forward-looking statements that involve risks and uncertainties, including statements regarding Marvell’s TD business continuing to provide tangible results; growth in Marvell’s networking business; expectations of steady improvement in each of Marvell’s end markets in the new fiscal year; and statements concerning Marvell’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, Marvell’s reliance on a few customers for a significant portion of its revenue; Marvell’s ability to develop and introduce new and enhanced products in a timely and cost effective manner; the impact of the flooding in Thailand; uncertainty in the worldwide economic environment; seasonality in sales of consumer devices in which our products are incorporated; Marvell’s ability to compete in products and prices in an intensely competitive industry; Marvell’s ability to recruit and retain skilled personnel; substantial costs of current and any future litigation; and other risks detailed in Marvell’s SEC filings from time to time. When Marvell files its Form 10-K for the year ended January 28, 2012, 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. 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 October 29, 2011, 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.

*Marvell® and the Marvell logo are registered trademarks of Marvell and/or its affiliates.*

5

**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Operations**

**(Unaudited)**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Three Months Ended** | | | |  |  |  |  | **Year Ended** | | | | | |  |
|  |  |  | **January 28,** | | | **October 29,** | | | **January 29,** | |  | **January 28,** | | |  | **January 29,** | |  |  |
|  |  |  |  | **2012** |  |  | **2011** |  |  | **2011** |  |  | **2012** |  |  |  | **2011** |  |  |
|  | Net revenue |  | $ | 742,701 |  | $ | 950,417 |  | $ | 900,513 |  | $ | 3,393,040 |  |  | $ | 3,611,893 |  |  |
|  | Cost of goods sold |  |  | 341,113 | |  | 412,100 | |  | 371,799 | |  | 1,465,805 | |  |  | 1,473,274 |  |  |
|  | Gross profit |  |  | 401,588 |  |  | 538,317 |  |  | 528,714 |  |  | 1,927,235 |  |  |  | 2,138,619 |  |  |
|  | Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Research and development |  |  | 255,282 |  |  | 266,255 | |  | 231,836 | |  | 1,013,678 | |  |  | 897,578 |  |  |
|  | Selling and marketing |  |  | 40,392 |  |  | 40,500 | |  | 40,444 | |  | 159,434 | |  |  | 155,481 |  |  |
|  | General and administrative |  |  | 23,184 |  |  | 29,021 | |  | 26,706 | |  | 100,620 | |  |  | 104,830 |  |  |
|  | Amortization of acquired intangible assets |  |  | 12,723 |  |  | 11,155 |  |  | 14,005 |  |  | 49,357 |  |  |  | 79,538 |  |  |
|  | Total operating expenses |  |  | 331,581 |  |  | 346,931 |  |  | 312,991 |  |  | 1,323,089 |  |  |  | 1,237,427 |  |  |
| Operating income | |  |  | 70,007 |  |  | 191,386 | |  | 215,723 | |  | 604,146 | |  |  | 901,192 |  |  |
|  | Interest and other income, net |  |  | 5,338 |  |  | 7,729 |  |  | 10,475 |  |  | 14,913 |  |  |  | 9,270 |  |  |
| Income before income taxes | |  |  | 75,345 |  |  | 199,115 | |  | 226,198 | |  | 619,059 | |  |  | 910,462 |  |  |
|  | Provision (benefit) for income taxes |  |  | (5,372) | |  | 3,994 | |  | 3,345 | |  | 3,968 | |  |  | 6,333 |  |  |
| Net income | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | | 80,717 |  | $ | 195,121 | | $ | 222,853 | | $ | 615,091 | | $ | | 904,129 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Basic net income per share | $ | | 0.14 |  | $ | 0.32 | | $ | 0.34 | | $ | 1.01 | | $ | | 1.39 |  |  |
| Diluted net income per share | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | | 0.13 |  | $ | 0.32 | | $ | 0.33 | | $ | 0.99 | | $ | | 1.34 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Shares used in computing basic earnings per share |  |  | 583,466 |  |  | 600,504 | |  | 654,650 | |  | 607,857 | |  |  | 648,347 |  |  |
|  | Shares used in computing diluted earnings per share |  |  | 599,300 |  |  | 613,499 | |  | 679,445 | |  | 623,268 | |  |  | 676,878 |  |  |
|  |  | 6 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Marvell Technology Group Ltd.**

**Reconciliations from GAAP to Non-GAAP**

**(Unaudited)**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Three Months Ended** | | | |  |  |  |  |  |  | **Year Ended** | | | | |  |
|  |  |  | **January 28,** | | |  | **October 29,** | | |  | **January 29,** | |  |  | **January 28,** | | | **January 29,** | |  |  |
|  |  |  |  | **2012** |  |  |  | **2011** |  |  |  | **2011** |  |  |  | **2012** |  |  | **2011** |  |  |
|  | GAAP net income |  | $ | 80,717 |  |  | $ | 195,121 |  |  | $ | 222,853 |  |  | $ | 615,091 |  | $ | 904,129 |  |  |
|  | Stock-based compensation |  |  | 31,417 |  |  |  | 30,611 | |  |  | 31,279 | |  |  | 119,863 | |  | 118,405 | |  |
|  | Amortization of acquired intangible assets |  |  | 12,723 |  |  |  | 11,155 | |  |  | 14,005 | |  |  | 49,357 |  |  | 79,538 | |  |
|  | Acquisition related costs *(a)* |  |  | 1,961 |  |  |  | — | |  |  | — | |  |  | 1,961 |  |  | — | |  |
|  | Restructuring |  |  | 565 |  |  |  | 105 | |  |  | 679 | |  |  | 1,856 |  |  | 3,183 | |  |
|  | Legal/Tax related matters *(b)* |  |  | (750) | |  |  | 7,459 | |  |  | 4,062 | |  |  | 6,709 |  |  | 8,435 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-GAAP net income |  | $ | 126,633 |  |  | $ | 244,451 |  |  | $ | 272,878 |  | $ | | 794,837 |  | $ | 1,113,690 | |  |
| GAAP weighted average shares—diluted | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 599,300 |  |  |  | 613,499 | |  |  | 679,445 | |  |  | 623,268 |  |  | 676,878 | |  |
|  | Non-GAAP adjustment |  |  | 6,397 |  |  |  | 1,558 |  |  |  | 5,760 |  |  |  | 3,852 |  |  | 3,728 |  |  |
| Non-GAAP weighted average shares diluted *(c)* | |  |  | 605,697 |  |  |  | 615,057 | |  |  | 685,205 | |  |  | 627,120 |  |  | 680,606 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | GAAP diluted net income per share |  | $ | 0.13 |  |  | $ | 0.32 |  |  | $ | 0.33 |  | $ | | 0.99 |  | $ | 1.34 | |  |
| Non-GAAP diluted net income per share | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | | 0.21 |  | $ | | 0.40 | | $ | | 0.40 | | $ | | 1.27 |  | $ | 1.64 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | GAAP gross profit: | $ | | 401,588 |  | $ | | 538,317 | | $ | | 528,714 | | $ | | 1,927,235 |  | $ | 2,138,619 | |  |
|  | Stock-based compensation |  |  | 1,444 |  |  |  | 1,940 | |  |  | 1,776 | |  |  | 6,995 |  |  | 7,522 | |  |
|  | Acquisition-related costs *(a)* |  |  | 1,457 |  |  |  | — | |  |  | — | |  |  | 1,457 |  |  | — | |  |
|  | Legal/Tax related matters *(b)* |  |  | — |  |  |  | — |  |  |  | 4,062 |  |  |  | — |  |  | 8,435 |  |  |
|  | Non-GAAP gross profit |  | $ | 404,489 |  |  | $ | 540,257 |  |  | $ | 534,552 |  | $ | | 1,935,687 |  | $ | 2,154,576 | |  |
| GAAP gross margin | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 54.1% | |  |  | 56.6% | |  |  | 58.7% | |  |  | 56.8% | |  | 59.2% | |  |
|  | Stock-based compensation |  |  | 0.2% | |  |  | 0.2% | |  |  | 0.2% | |  |  | 0.2% | |  | 0.2% | |  |
|  | Acquisition-related costs *(a)* |  |  | 0.2% | |  |  | — | |  |  | — | |  |  | 0.0% | |  | — | |  |
|  | Legal/Tax related matters *(b)* |  |  | — |  |  |  | — |  |  |  | 0.5% | |  |  | — | |  | 0.3% | |  |
| Non-GAAP gross margin | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 54.5% | |  |  | 56.8% | |  |  | 59.4% | |  |  | 57.0% | |  | 59.7% | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | GAAP research and development: | $ | | 255,282 |  | $ | | 266,255 | | $ | | 231,836 | | $ | | 1,013,678 |  | $ | 897,578 | |  |
|  | Stock-based compensation |  |  | (22,298) | |  |  | (21,905) | |  |  | (21,789) | |  |  | (85,924) | |  | (82,524) | |  |
|  | Acquisition-related costs *(a)* |  |  | (279) | |  |  | — | |  |  | — | |  |  | (279) | |  | — | |  |
|  | Restructuring |  |  | (420) | |  |  | (1) | |  |  | (280) | |  |  | (728) | |  | (1,966) | |  |
|  | Legal/Tax related matters *(b)* |  |  | — |  |  |  | (3,137) | |  |  | — | |  |  | (3,137) | |  | — | |  |
| Non-GAAP research and development | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | $ | 232,285 |  |  | $ | 241,212 |  |  | $ | 209,767 |  | $ | | 923,610 |  | $ | 813,088 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | GAAP selling and marketing: | $ | | 40,392 |  | $ | | 40,500 | | $ | | 40,444 | | $ | | 159,434 |  | $ | 155,481 | |  |
|  | Stock-based compensation |  |  | (3,657) | |  |  | (3,402) | |  |  | (2,991) | |  |  | (12,920) | |  | (11,769) | |  |
|  | Acquisition-related costs *(a)* |  |  | (40) | |  |  | — | |  |  | — | |  |  | (40) | |  | — | |  |
|  | Restructuring |  |  | (8) | |  |  | — | |  |  | — | |  |  | (8) | |  | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-GAAP selling and marketing |  | $ | 36,687 |  |  | $ | 37,098 |  |  | $ | 37,453 |  | $ | | 146,466 |  | $ | 143,712 | |  |
| GAAP general and administrative: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | | 23,184 |  | $ | | 29,021 | | $ | | 26,706 | | $ | | 100,620 |  | $ | 104,830 | |  |
|  | Stock-based compensation |  |  | (4,018) | |  |  | (3,364) | |  |  | (4,723) | |  |  | (14,024) | |  | (16,590) | |  |
|  | Acquisition-related costs *(a)* |  |  | (185) | |  |  | — | |  |  | — | |  |  | (185) | |  | — | |  |
|  | Restructuring |  |  | (137) | |  |  | (104) | |  |  | (399) | |  |  | (1,120) | |  | (1,217) | |  |
|  | Legal/Tax related matters *(b)* |  |  | 750 |  |  |  | (4,322) | |  |  | — | |  |  | (3,572) | |  | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-GAAP general and administrative |  | $ | 19,594 |  |  | $ | 21,231 |  |  | $ | 21,584 |  | $ | | 81,719 |  | $ | 87,023 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Acquisition-related costs include the step-up in fair value of acquired inventory that was sold during the period, and the amortization of retention bonuses required by the terms of the acquisition. Restructuring costs related to recently completed acquisitions are included within “Restructuring” in the table above.
2. The years ended January 28, 2012 and January 29, 2011 include portions of settlements related to previous periods. The year ended January 28, 2012 and the three months ended October 29, 2011 include assessments of payroll taxes on employee benefits in certain jurisdictions. The three months and year ended January 28, 2012 include proceeds related to a concluded legal matter.
3. For purposes of calculating non-GAAP diluted net income per share, the GAAP diluted weighted average shares outstanding is adjusted to exclude the benefits of stock compensation costs attributable to future services and not yet recognized in the financial statements.

7

**Marvell Technology Group Ltd.**

**Condensed Consolidated Balance Sheets**

**(Unaudited)**

**(In thousands)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **January 28,** | | |  | **January 29,** | | |  |
|  |  |  |  | **2012** |  |  |  | **2011** |  |  |
|  | **Assets** |  |  |  |  |  |  |  |  |  |
|  | Current assets: |  |  |  |  |  |  |  |  |  |
|  | Cash, cash equivalents, and short-term investments | $ | | 2,246,498 | | $ | | 2,930,030 |  |  |
|  | Accounts receivable, net |  |  | 407,263 | |  |  | 459,406 |  |  |
|  | Inventories |  |  | 354,119 | |  |  | 245,448 |  |  |
|  | Prepaid expenses and other current assets |  |  | 71,081 |  |  |  | 77,763 |  |  |
|  | Total current assets |  |  | 3,078,961 | |  |  | 3,712,647 |  |  |
|  | Property and equipment, net |  |  | 383,801 | |  |  | 358,440 |  |  |
|  | Long-term investments |  |  | 23,215 | |  |  | 26,226 |  |  |
|  | Goodwill and acquired intangible assets, net |  |  | 2,173,496 | |  |  | 2,129,464 |  |  |
|  | Other non-current assets |  |  | 108,146 |  |  |  | 111,380 |  |  |
|  | Total assets | $ | | 5,767,619 | | $ | | 6,338,157 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **Liabilities and Shareholders’ Equity** |  |  |  |  |  |  |  |  |  |
|  | Current liabilities: |  |  |  |  |  |  |  |  |  |
|  | Accounts payable | $ | | 304,695 | | $ | | 332,007 |  |  |
|  | Accrued liabilities |  |  | 224,900 | |  |  | 232,518 |  |  |
|  | Deferred income |  |  | 59,959 |  |  |  | 76,161 |  |  |
|  | Total current liabilities |  |  | 589,554 | |  |  | 640,686 |  |  |
|  | Other long-term liabilities |  |  | 164,047 |  |  |  | 175,602 |  |  |
|  | Total liabilities |  |  | 753,601 | |  |  | 816,288 |  |  |
|  | Shareholders’ equity: |  |  |  |  |  |  |  |  |  |
|  | Common stock |  |  | 1,162 | |  |  | 1,317 |  |  |
|  | Additional paid-in capital |  |  | 3,683,117 | |  |  | 4,805,588 |  |  |
|  | Accumulated other comprehensive income |  |  | 776 | |  |  | 1,092 |  |  |
|  | Retained earnings |  |  | 1,328,963 |  |  |  | 713,872 |  |  |
|  | Total shareholders’ equity |  |  | 5,014,018 |  |  |  | 5,521,869 |  |  |
|  | Total liabilities and shareholders’ equity | $ | | 5,767,619 | | $ | | 6,338,157 |  |  |
|  |  | 8 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Cash Flows**

**(Unaudited)**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | | |  | **Year Ended** | | | | |  |
|  |  | **January 28,** | | | **January 29,** | |  |  | **January 28,** | |  | **January 29,** |  |  |
|  |  |  | **2012** |  |  | **2011** |  |  | **2012** |  |  | **2011** |  |  |
|  | Cash flows from operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net income | $ | 80,717 |  | $ | 222,853 | | $ | 615,091 | | $ | 904,129 | |  |
|  | Adjustments to reconcile net income to net cash provided by operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Depreciation and amortization |  | 21,801 |  |  | 24,199 | |  | 88,454 | |  | 93,190 | |  |
|  | Stock-based compensation |  | 31,416 |  |  | 31,279 | |  | 119,862 | |  | 118,405 | |  |
|  | Amortization of acquired intangible assets |  | 12,723 |  |  | 14,005 | |  | 49,357 | |  | 79,538 | |  |
|  | Other (income) expense, net |  | 3,779 |  |  | (1,987) | |  | 15,190 | |  | 7,581 | |  |
|  | Facilities impairment |  | — | |  | — | |  | — | |  | 1,140 | |  |
|  | Excess tax benefits from stock-based compensation |  | (65) | |  | (230) | |  | (164) | |  | (899) | |  |
|  | Changes in assets and liabilities: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Accounts receivable |  | 46,252 |  |  | 8,569 | |  | 54,550 | |  | (102,610) | |  |
|  | Inventories |  | (37,142) | |  | (17,120) | |  | (101,109) | |  | (3,655) | |  |
|  | Prepaid expenses and other assets |  | (6,738) | |  | 64,553 | |  | 27,491 | |  | 54,349 | |  |
|  | Accounts payable |  | (51,288) | |  | (21,471) | |  | (47,095) | |  | 42,464 | |  |
|  | Accrued liabilities and other |  | (3,583) | |  | (56,007) | |  | (21,613) | |  | (38,059) | |  |
|  | Accrued employee compensation |  | (19,489) | |  | (5,755) | |  | (12,565) | |  | 21,210 | |  |
|  | Deferred income |  | (9,285) | |  | (12,055) | |  | (16,202) | |  | 16,765 | |  |
|  | Net cash provided by operating activities |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 69,098 |  |  | 250,833 | |  | 771,247 | |  | 1,193,548 | |  |
|  | Cash flows from investing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Purchases of marketable securities |  | (268,804) | |  | (240,817) | |  | (1,851,696) | |  | (1,262,767) | |  |
|  | Purchases of strategic investments |  | (500) | |  | — | |  | (4,003) | |  | (1,750) | |  |
|  | Sales and maturities of investments |  | 378,950 |  |  | 190,021 | |  | 1,462,164 | |  | 868,759 | |  |
|  | Cash paid for acquisitions, net |  | (75,156) | |  | (8,767) | |  | (93,916) | |  | (29,446) | |  |
|  | Proceeds from sale of equity investments |  | — | |  | 9,192 | |  | — | |  | 9,192 | |  |
|  | Purchases of technology licenses |  | (4,230) | |  | (10,495) | |  | (13,823) | |  | (23,144) | |  |
|  | Purchases of property and equipment |  | (26,449) | |  | (26,906) | |  | (88,779) | |  | (90,173) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net cash (used in) provided by investing activities |  | 3,811 |  |  | (87,772) | |  | (590,053) | |  | (529,329) | |  |
|  | Cash flows from financing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Repurchase of common stock |  | (186,480) | |  | (26,892) | |  | (1,340,876) | |  | (87,486) | |  |
|  | Proceeds from employee stock plans |  | 47,464 |  |  | 68,281 | |  | 97,857 | |  | 165,954 | |  |
|  | Principal payments on capital lease and term loan obligations |  | — | |  | (500) | |  | (511) | |  | (1,940) | |  |
|  | Excess tax benefits from stock-based compensation |  | 65 |  |  | 230 | |  | 164 | |  | 899 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net cash (used in) provided by financing activities |  | (138,951) | |  | 41,119 | |  | (1,243,366) | |  | 77,427 | |  |
| Net increase (decrease) in cash and cash equivalents | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (66,042) | |  | 204,180 | |  | (1,062,172) | |  | 741,646 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents at beginning of period |  | 850,944 |  |  | 1,642,894 | |  | 1,847,074 | |  | 1,105,428 | |  |
| Cash and cash equivalents at end of period | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 784,902 |  | $ | 1,847,074 | | $ | 784,902 | | $ | 1,847,074 | |  |
| 9 | |  |  |  |  |  |  |  |  |  |  |  |  |  |