

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 3, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 000-30877

Marvell Technology Group Ltd.
(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

77-0481679
(I.R.S. Employer
Identification No.)

Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda
(441) 296-6395
(Address of principal executive offices, Zip Code and registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.002 per share	MRVL	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of common shares of the registrant outstanding as of August 29, 2019 was 667.0 million shares.

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1.	Financial Statements:
	Unaudited Condensed Consolidated Balance Sheets as of August 3, 2019 and February 2, 2019
	Unaudited Condensed Consolidated Statements of Operations for the three and six months ended August 3, 2019 and August 4, 2018
	Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended August 3, 2019 and August 4, 2018
	Unaudited Condensed Consolidated Statements of Shareholders' Equity for the three and six months ended August 3, 2019 and August 4, 2018
	Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended August 3, 2019 and August 4, 2018
	Notes to Unaudited Condensed Consolidated Financial Statements
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 3.	Quantitative and Qualitative Disclosures About Market Risk
Item 4.	Controls and Procedures
<u>PART II. OTHER INFORMATION</u>	
Item 1.	Legal Proceedings
Item 1A.	Risk Factors
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds
Item 6.	Exhibits
	Signatures

PART I: FINANCIAL INFORMATION
Item 1. Financial Statements

MARVELL TECHNOLOGY GROUP LTD.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value per share)

	August 3, 2019	February 2, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 573,496	\$ 582,410
Accounts receivable, net	452,746	493,122
Inventories	240,421	276,005
Prepaid expenses and other current assets	37,069	43,721
Assets held for sale	597,675	—
Total current assets	1,901,407	1,395,258
Property and equipment, net	319,761	318,978
Goodwill	4,933,719	5,494,505
Acquired intangible assets, net	2,399,975	2,560,682
Other non-current assets	426,278	247,329
Total assets	<u>\$ 9,981,140</u>	<u>\$ 10,016,752</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 211,422	\$ 185,362
Accrued liabilities	312,987	335,509
Accrued employee compensation	90,659	115,925
Liabilities held for sale	5,604	—
Total current liabilities	620,672	636,796
Long-term debt	1,685,359	1,732,699
Non-current income taxes payable	49,881	59,221
Deferred tax liabilities	242,957	246,252
Other non-current liabilities	178,459	35,374
Total liabilities	2,777,328	2,710,342
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Common shares, \$0.002 par value	1,334	1,317
Additional paid-in capital	6,271,120	6,188,598
Retained earnings	931,358	1,116,495
Total shareholders' equity	7,203,812	7,306,410
Total liabilities and shareholders' equity	<u>\$ 9,981,140</u>	<u>\$ 10,016,752</u>

See accompanying notes to unaudited condensed consolidated financial statements

MARVELL TECHNOLOGY GROUP LTD.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Net revenue	\$ 656,568	\$ 665,310	\$ 1,319,020	\$ 1,269,941
Cost of goods sold	305,866	288,200	606,890	517,138
Gross profit	350,702	377,110	712,130	752,803
Operating expenses:				
Research and development	266,354	216,285	533,221	393,019
Selling, general and administrative	113,990	133,701	223,995	206,014
Restructuring related charges	16,586	35,415	22,268	36,982
Total operating expenses	396,930	385,401	779,484	636,015
Operating income (loss)	(46,228)	(8,291)	(67,354)	116,788
Interest income	1,077	3,575	2,345	9,644
Interest expense	(20,531)	(15,795)	(41,734)	(16,039)
Other income (loss), net	(2,197)	(2,701)	(2,313)	(1,230)
Interest and other income (loss), net	(21,651)	(14,921)	(41,702)	(7,625)
Income (loss) before income taxes	(67,879)	(23,212)	(109,056)	109,163
Provision for income taxes	(10,548)	(29,971)	(3,275)	(26,208)
Net income (loss)	\$ (57,331)	\$ 6,759	\$ (105,781)	\$ 135,371
Net income (loss) per share - Basic	\$ (0.09)	\$ 0.01	\$ (0.16)	\$ 0.26
Net income (loss) per share - Diluted	\$ (0.09)	\$ 0.01	\$ (0.16)	\$ 0.25
Weighted average shares:				
Basic	663,603	552,238	661,280	524,787
Diluted	663,603	562,149	661,280	535,433

See accompanying notes to unaudited condensed consolidated financial statements

MARVELL TECHNOLOGY GROUP LTD.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Net income (loss)	\$ (57,331)	\$ 6,759	\$ (105,781)	\$ 135,371
Other comprehensive income (loss), net of tax:				
Net change in unrealized gain (loss) on marketable securities	—	2,404	—	2,322
Other comprehensive income (loss), net of tax	—	2,404	—	2,322
Comprehensive income (loss), net of tax	<u>\$ (57,331)</u>	<u>\$ 9,163</u>	<u>\$ (105,781)</u>	<u>\$ 137,693</u>

See accompanying notes to unaudited condensed consolidated financial statements

MARVELL TECHNOLOGY GROUP LTD.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except per share amounts)

	Common Stock		Additional Paid-in-Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance at February 2, 2019	658,514	\$ 1,317	\$ 6,188,598	\$ —	\$ 1,116,495	\$ 7,306,410
Issuance of common shares in connection with equity incentive plans	5,120	11	30,985	—	—	30,996
Tax withholdings related to net share settlement of restricted stock units	—	—	(28,756)	—	—	(28,756)
Share-based compensation	—	—	59,422	—	—	59,422
Repurchase of common stock	(2,359)	(5)	(50,018)	—	—	(50,023)
Cash dividends declared and paid (\$0.06 per share)	—	—	—	—	(39,467)	(39,467)
Net loss	—	—	—	—	(48,450)	(48,450)
Balance at May 4, 2019	661,275	\$ 1,323	\$ 6,200,231	\$ —	\$ 1,028,578	\$ 7,230,132
Issuance of common shares in connection with equity incentive plans	6,167	12	50,494	—	—	50,506
Tax withholdings related to net share settlement of restricted stock units	—	—	(32,881)	—	—	(32,881)
Share-based compensation	—	—	64,117	—	—	64,117
Issuance of warrant for common stock	—	—	3,407	—	—	3,407
Repurchase of common stock	(627)	(1)	(14,248)	—	—	(14,249)
Cash dividends declared and paid (\$0.06 per share)	—	—	—	—	(39,889)	(39,889)
Net loss	—	—	—	—	(57,331)	(57,331)
Balance at August 3, 2019	666,815	\$ 1,334	\$ 6,271,120	\$ —	\$ 931,358	\$ 7,203,812

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance at February 3, 2018	495,913	\$ 991	\$ 2,733,292	\$ (2,322)	\$ 1,409,452	\$ 4,141,413
Effect of revenue recognition accounting change	—	—	—	—	34,171	34,171
Issuance of common shares in connection with equity incentive plans	3,837	9	11,045	—	—	11,054
Tax withholdings related to net share settlement of restricted stock units	—	—	(23,892)	—	—	(23,892)
Share-based compensation	—	—	24,033	—	—	24,033
Cash dividends declared and paid (\$0.06 per share)	—	—	—	—	(29,798)	(29,798)
Net income	—	—	—	—	128,612	128,612
Other comprehensive loss	—	—	—	(82)	—	(82)
Balance at May 5, 2018	499,750	\$ 1,000	\$ 2,744,478	\$ (2,404)	\$ 1,542,437	\$ 4,285,511
Issuance of common shares in connection with equity incentive plans	3,970	7	40,976	—	—	40,983
Tax withholdings related to net share settlement of restricted stock units	—	—	(12,881)	—	—	(12,881)
Share-based compensation	—	—	55,718	—	—	55,718
Common stock issued to Cavium common stockholders	153,376	307	3,272,746	—	—	3,273,053
Stock consideration for Cavium accelerated awards	1,102	2	7,802	—	—	7,804
Equity related issuance cost	—	—	(2,927)	—	—	(2,927)
Replacement equity awards attributable to preacquisition service	—	—	47,978	—	—	47,978
Cash dividends declared and paid (\$0.06 per share)	—	—	—	—	(39,383)	(39,383)
Net income	—	—	—	—	6,759	6,759
Other comprehensive loss	—	—	—	2,404	—	2,404
Other	—	—	—	—	47	47
Balance at August 4, 2018	658,198	\$ 1,316	\$ 6,153,890	\$ —	\$ 1,509,860	\$ 7,665,066

See accompanying notes to unaudited condensed consolidated financial statements

MARVELL TECHNOLOGY GROUP LTD.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six Months Ended	
	August 3, 2019	August 4, 2018
Cash flows from operating activities:		
Net income (loss)	\$ (105,781)	\$ 135,371
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	86,239	47,097
Share-based compensation	122,274	83,244
Amortization of acquired intangible assets	160,707	25,939
Amortization of inventory fair value adjustment associated with acquisition of Cavium	—	22,933
Amortization of deferred debt issuance costs and debt discounts	2,859	7,073
Restructuring related impairment charges	10,097	1,993
Other expense, net	2,016	3,631
Deferred income taxes	2,374	(21,414)
Changes in assets and liabilities:		
Accounts receivable	40,376	(48,749)
Inventories	8,674	6,866
Prepaid expenses and other assets	(7,993)	(19,504)
Accounts payable	22,497	(271)
Accrued liabilities and other non-current liabilities	(80,117)	(11,961)
Accrued employee compensation	(25,266)	(41,539)
Net cash provided by operating activities	238,956	190,709
Cash flows from investing activities:		
Purchases of available-for-sale securities	—	(14,956)
Sales of available-for-sale securities	—	623,896
Maturities of available-for-sale securities	—	187,985
Purchases of time deposits	—	(25,000)
Maturities of time deposits	—	150,000
Purchases of technology licenses	(1,522)	(1,263)
Purchases of property and equipment	(42,193)	(34,389)
Cash payment for acquisition of Cavium, net of cash and cash equivalents acquired	—	(2,649,465)
Other, net	(389)	(3,527)
Net cash used in investing activities	(44,104)	(1,766,719)
Cash flows from financing activities:		
Repurchases of common stock	(64,272)	—
Proceeds from employee stock plans	81,314	44,580
Tax withholding paid on behalf of employees for net share settlement	(61,642)	(36,776)
Dividend payments to shareholders	(79,356)	(69,181)
Payments on technology license obligations	(28,324)	(29,478)
Proceeds from issuance of debt	—	1,892,605
Principal payments of debt	(50,000)	(606,128)
Payment of equity and debt financing costs	—	(9,435)
Other, net	(1,486)	—
Net cash provided by (used in) financing activities	(203,766)	1,186,187
Net decrease in cash and cash equivalents	(8,914)	(389,823)
Cash and cash equivalents at beginning of period	582,410	888,482
Cash and cash equivalents at end of period	\$ 573,496	\$ 498,659

See accompanying notes to unaudited condensed consolidated financial statements

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation

The unaudited condensed consolidated financial statements of Marvell Technology Group Ltd., a Bermuda exempted company, and its wholly owned subsidiaries (the “Company”), as of and for the three and six months ended August 3, 2019, have been prepared as required by the U.S. Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) have been condensed or omitted as permitted by the SEC. These unaudited condensed consolidated financial statements and related notes should be read in conjunction with the Company's fiscal year 2019 audited financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2019. In the opinion of management, the financial statements include all adjustments, including normal recurring adjustments and other adjustments, that are considered necessary for fair presentation of the Company's financial position and results of operations. All inter-company accounts and transactions have been eliminated. Operating results for the periods presented herein are not necessarily indicative of the results that may be expected for the entire year. Certain prior year amounts have been reclassified to conform to current year presentation. These amounts were not material to any of the periods presented. These financial statements should also be read in conjunction with the Company's critical accounting policies included in the Company's Annual Report on Form 10-K for the year ended February 2, 2019 and those included in this Form 10-Q below.

The Company's fiscal year is the 52- or 53-week period ending on the Saturday closest to January 31. Accordingly, every fifth or sixth fiscal year will have a 53-week period. The additional week in a 53-week year is added to the fourth quarter, making such quarter consist of 14 weeks. Fiscal 2019 had a 52-week year. Fiscal 2020 is a 52-week year.

On May 6, 2019, the Company announced its intent to acquire Aquantia, Corp. (“Aquantia”), a publicly traded company. It is a manufacturer of high speed transceivers which includes copper and optical physical layer products. The Company will pay Aquantia's stockholders \$13.25 per share in cash, or approximately \$480 million. The transaction is expected to close by December 2019, subject to regulatory approval as well as other customary closing conditions. On July 10, 2019, Aquantia's stockholders approved the merger agreement.

On May 20, 2019, the Company announced its intent to acquire Avera Semiconductor (“Avera”), the application specific integrated circuit (“ASIC”) business of GlobalFoundries Inc. (“GlobalFoundries”). The Company will pay GlobalFoundries \$650 million in cash at closing, subject to certain adjustments, plus an additional \$90 million in cash if certain business conditions are satisfied within the next 15 months. The transaction is expected to close by January 2020 pending receipt of regulatory approvals and other customary closing conditions.

On May 29, 2019, the Company announced its intent to sell its Wi-Fi connectivity business to NXP for \$1.76 billion in cash. The divestiture encompasses the Company's Wi-Fi and bluetooth technology portfolios and related assets. The business employs approximately 550 people worldwide and generated approximately \$300 million in revenue in the Company's fiscal 2019. This transaction is expected to close by the first quarter of calendar 2020, subject to customary closing conditions and regulatory approvals. As of August 3, 2019, the Company classified assets held for sale of \$597.7 million, which consisted of \$28.2 million of inventory, \$6.1 million of property, plant and equipment, \$557.8 million of goodwill and \$5.6 million of right-of-use lease asset. In addition, the Company classified liabilities held for sale of \$5.6 million associated with lease liability in the condensed consolidated balance sheet.

Note 2. Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In February 2016, the Financial Accounting Standards Board (“FASB”) issued a new standard on the accounting for leases, which amends the existing guidance to require lessees to recognize assets and liabilities on the balance sheet for the rights and obligation created by long-term leases and to disclose additional quantitative and qualitative information about leasing arrangements. The Company adopted the new lease accounting standard on February 3, 2019, using the modified retrospective approach by applying the new standard to leases existing at the date of initial application and not restating comparative periods. See “Note 3 - Leases” for additional information.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Accounting Pronouncements Not Yet Effective

In June 2016, the FASB issued a new standard requiring financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The standard eliminates the threshold for initial recognition in current GAAP and reflects an entity's current estimate of all expected credit losses. The measurement of expected credit losses is based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the financial assets. The standard is effective for the Company beginning in the first quarter of fiscal year 2021. The Company does not expect the adoption of this guidance will have a material effect on its consolidated financial statements.

In August 2018, the FASB issued an accounting standards update to align the requirements for capitalizing implementation costs incurred in a software hosting arrangement that is a service contract and costs to develop or obtain internal-use software. The guidance is effective for the Company beginning in the first quarter of fiscal year 2021, with early adoption permitted. The Company does not expect the adoption of this guidance will have a material effect on its consolidated financial statements.

In August 2018, the FASB issued an accounting standards update that modifies the disclosure requirements on fair value measurements. The new guidance adds, modifies and removes certain fair value measurement disclosure requirements. The guidance is effective for the company beginning in the first quarter of fiscal year 2021, with early adoption permitted. The Company does not expect the adoption of this guidance will have a material effect on its consolidated financial statements.

In November 2018, the FASB issued an accounting standards update that clarifies when transactions between participants in a collaborative arrangement are within the scope of the new revenue recognition standard that the Company adopted at the beginning of fiscal 2019. The guidance is effective for the Company beginning in the first quarter of fiscal year 2021, with early adoption permitted. The guidance must be applied retrospectively as of the date of initial application of the revenue recognition standard. In addition, entities may elect to apply the guidance to all collaborative arrangements or only to collaborative arrangements that are not completed as of the date of initial application of the aforementioned revenue recognition standard. The Company does not expect the adoption of this guidance will have a material effect on its consolidated financial statements.

Note 3. Leases

Effective February 3, 2019, the Company adopted the new lease accounting standard using the modified retrospective approach. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows the Company to carry forward the historical lease classification. The Company elected to apply the short-term lease measurement and recognition exemption in which right-of use assets ("ROU") and lease liabilities are not recognized for short-term leases. Adoption of this standard resulted in the recording of net operating lease ROU assets and corresponding operating lease liabilities of \$125 million and \$149 million, respectively. The net ROU asset includes the effect of reclassifying a portion of facilities-related restructuring reserves as an offset in accordance with the transition guidance. The standard did not materially affect the condensed consolidated statements of operations and had no impact on cash flows.

The Company determines if an arrangement is a lease at inception. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any initial direct costs and prepayments less lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. As the Company's leases generally do not provide an implicit rate, the Company uses its collateralized incremental borrowing rate based on the information available at the lease commencement date, including lease term, in determining the present value of lease payments. Lease expense for these leases is recognized on a straight line basis over the lease term.

The Company's leases include facility leases and data center leases, which are all classified as operating leases. For data center leases, the Company elected the practical expedient to account for the lease and non-lease component as a single lease component.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Lease expense and supplemental cash flow information are as follows (in thousands):

	Three Months Ended August 3, 2019	Six Months Ended August 3, 2019
Operating lease expenses	\$ 13,701	\$ 24,369
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 8,043	\$ 15,287
Right-of-use assets obtained in exchange for lease obligation	\$ 10,107	\$ 11,244

Supplemental balance sheet information related to leases are as follows (in thousands):

	Classification on the Condensed Consolidated Balance Sheet	August 3, 2019
Right-of-use assets	Other non-current assets	\$ 113,024
Current portion of lease liabilities	Accrued liabilities	26,874
Non-current portion of lease liabilities	Other non-current liabilities	116,379
Total lease liabilities		<u>\$ 143,253</u>

The aggregate future lease payments for operating leases as of August 3, 2019 are as follows (in thousands):

Fiscal Year	Operating Leases
Remainder of 2020	\$ 16,801
2021	33,157
2022	31,029
2023	24,304
2024	16,138
Thereafter	45,991
Total lease payments	167,420
Less: imputed interest	24,167
Present value of lease liabilities	<u>\$ 143,253</u>

As previously disclosed in our Annual Report on Form 10-K for the year ended February 2, 2019 and under the previous lease accounting standard ASC 840, the aggregate future non-cancelable minimum rental payments on our operating leases, as of February 2, 2019, are as follows (in thousands):

Fiscal Year	Operating Leases
2020	\$ 43,286
2021	29,866
2022	26,612
2023	21,272
2024	13,690
Thereafter	40,100
Total	<u>\$ 174,826</u>

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Average lease terms and discount rates were as follows:

	Six Months Ended August 3, 2019
Weighted-average remaining lease term (years)	6.04
Weighted-average discount rate	3.85%

Note 4. Business Combination

On July 6, 2018, the Company completed the acquisition of Cavium (the “Cavium acquisition”). Cavium was a provider of highly integrated semiconductor processors that enable intelligent processing for wired and wireless infrastructure and cloud for networking, communications, storage and security applications. The Cavium acquisition was primarily intended to create an opportunity for the combined company to emerge as a leader in infrastructure solutions. The total consideration paid to acquire Cavium, which consisted of cash, common stock of the Company and share based compensation awards was approximately \$6.2 billion. The merger consideration was funded with a combination of cash on hand, new debt financing and issuance of the Company’s common shares. See “Note 8 - Debt” for discussion of the debt financing.

The purchase price allocation is as follows (in thousands):

	Previously Reported February 2, 2019 (Provisional)	Measurement Period Adjustments	August 3, 2019
Cash and cash equivalents	\$ 180,989	\$ —	\$ 180,989
Accounts receivable	112,270	—	112,270
Inventories	330,778	—	330,778
Prepaid expense and other current assets	19,890	—	19,890
Assets held for sale	483	—	483
Property and equipment	115,428	—	115,428
Acquired intangible assets	2,744,000	—	2,744,000
Other non-current assets	89,139	—	89,139
Goodwill	3,501,195	(2,999)	3,498,196
Accounts payable	(52,383)	—	(52,383)
Accrued liabilities	(126,007)	—	(126,007)
Accrued employee compensation	(34,813)	—	(34,813)
Deferred income	(2,466)	—	(2,466)
Current portion of long-term debt	(6,123)	—	(6,123)
Liabilities held for sale	(3,032)	—	(3,032)
Long-term debt	(600,005)	—	(600,005)
Non-current income taxes payable	(8,454)	—	(8,454)
Deferred tax liabilities	(82,994)	2,999	(79,995)
Other non-current liabilities	(16,099)	—	(16,099)
Total merger consideration	\$ 6,161,796	\$ —	\$ 6,161,796

The provisional amounts presented in the table above pertained to the preliminary purchase price allocation reported in the Company’s Form 10-K for the year ended February 2, 2019. The measurement period adjustments were primarily related to changes in estimates related to finalizing Cavium’s 2018 U.S. tax return. The Company does not believe that the measurement period adjustments had a material impact on its consolidated statements of operations, balance sheets or cash flows in any periods reported.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The Company incurred total acquisition related costs of \$53.7 million. The Company also incurred \$22.8 million of debt financing costs. As of August 3, 2019, \$0.4 million associated with the Revolving Credit Facility was classified in prepaid expenses and other current assets, \$1.1 million associated with the Revolving Credit Facility was classified in other non-current assets, and \$8.4 million associated with the term loan and senior notes was classified in long-term debt in the condensed consolidated balance sheet. See “Note 8. Debt” for additional information. Additionally, the Company incurred \$2.9 million of equity issuance costs, which were recorded in additional paid-in capital in the condensed consolidated balance sheet.

Unaudited Supplemental Pro Forma Information

The unaudited supplemental pro forma financial information presented below is for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the acquisition had been completed on the date indicated, does not reflect synergies that might have been achieved, nor is it indicative of future operating results or financial position. The pro forma adjustments are based upon currently available information and certain assumptions the Company believe are reasonable under the circumstances.

The following unaudited supplemental pro forma information presents the combined results of operations for the period presented, as if Cavium had been acquired as of the beginning of fiscal year 2018. The unaudited supplemental pro forma information includes adjustments to amortization and depreciation for acquired intangible assets and property and equipment, adjustments to share-based compensation expense, the purchase accounting effect on inventories acquired, interest expense, and transaction costs. The unaudited supplemental pro forma information presented below is for informational purposes only and is not necessarily indicative of our consolidated results of operations of the combined business had the Cavium acquisition actually occurred at the beginning of fiscal year 2018 or of the results of our future operations of the combined business.

The unaudited supplemental pro forma financial information for the period presented is as follows (in thousands):

	Six Months Ended August 4, 2018	
Pro forma net revenue	\$	1,612,873
Pro forma net income	\$	57,453

Note 5. Supplemental Financial Information (in thousands)

Consolidated Balance Sheets

	August 3, 2019	February 2, 2019
Inventories:		
Work-in-process	\$ 165,134	\$ 162,384
Finished goods	75,287	113,621
Total inventories	<u>\$ 240,421</u>	<u>\$ 276,005</u>

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

	August 3, 2019	February 2, 2019
Property and equipment, net:		
Machinery and equipment	\$ 589,903	\$ 615,329
Land, buildings, and leasehold improvements	310,684	287,047
Computer software	99,864	105,539
Furniture and fixtures	24,785	23,924
	1,025,236	1,031,839
Less: Accumulated depreciation and amortization	(705,475)	(712,861)
Total property and equipment, net	<u>\$ 319,761</u>	<u>\$ 318,978</u>

Current accrued liabilities are comprised of the following at August 3, 2019 and February 2, 2019, respectively:

	August 3, 2019	February 2, 2019
Accrued liabilities:		
Contract liabilities	\$ 123,023	\$ 142,378
Technology license obligations	67,652	48,018
Lease liabilities	26,874	—
Accrued income tax payable	17,238	47,079
Other	78,200	98,034
Total accrued liabilities	<u>\$ 312,987</u>	<u>\$ 335,509</u>

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Accumulated Other Comprehensive Income (Loss)

As of August 3, 2019, there are no changes in accumulated other comprehensive income (loss) by components. The changes in accumulated other comprehensive income (loss) by components for the comparative period are presented in the following table:

	Unrealized Gain (Loss) on Marketable Securities (1)
Balance at February 3, 2018	\$ (2,322)
Other comprehensive income (loss) before reclassifications	(733)
Amounts reclassified from accumulated other comprehensive income (loss)	3,055
Net current-period other comprehensive income (loss), net of tax	2,322
Balance at August 4, 2018	\$ —

(1) The amounts of gains (losses) associated with the Company's marketable securities reclassified from accumulated other comprehensive income (loss) are recorded in interest and other income, net.

Share Repurchase Program

On November 17, 2016, the Company announced that its Board of Directors authorized a \$1.0 billion share repurchase program. On October 16, 2018, the Company announced that its Board of Directors authorized a \$700 million addition to the balance of its existing share repurchase program. As of August 3, 2019, there was \$890 million remaining available for future share repurchases. The Company intends to effect share repurchases in accordance with the conditions of Rule 10b-18 under the Exchange Act, but may also make repurchases in the open market outside of Rule 10b-18 or in privately negotiated transactions. The share repurchase program will be subject to market conditions and other factors, and does not obligate the Company to repurchase any dollar amount or number of its common shares and the repurchase program may be extended, modified, suspended or discontinued at any time.

The Company repurchased 3.0 million of its common shares for \$64.3 million during the six months ended August 3, 2019. The repurchased shares were retired immediately after the repurchases were completed. The Company records all repurchases, as well as investment purchases and sales, based on their trade date. The Company did not repurchase any common shares during the six months ended August 4, 2018.

Other

In June 2019, the Company executed a funded research and development agreement with a business partner. In conjunction with the agreement, the Company issued a warrant to purchase nine million of the Company's common shares, subject to certain vesting and exercise conditions.

Note 6. Fair Value Measurements

Fair value is an exit price representing the amount that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1—Observable inputs that reflect quoted prices for identical assets or liabilities in active markets.

Level 2—Other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The Company's Level 1 assets include institutional money-market funds that are classified as cash equivalents and which are valued primarily using quoted market prices. The Company's Level 2 assets include time deposits, as the market inputs used to value these instruments consist of market yields. In addition, the severance pay fund is classified as Level 2 assets as the valuation inputs are based on quoted prices and market observable data of similar instruments.

The tables below set forth, by level, the Company's assets and liabilities that are measured at fair value on a recurring basis. The tables do not include assets and liabilities that are measured at historical cost or any basis other than fair value (in thousands):

	Fair Value Measurements at August 3, 2019			
	Level 1	Level 2	Level 3	Total
Items measured at fair value on a recurring basis:				
Assets				
Cash equivalents:				
Money market funds	\$ 1,483	\$ —	\$ —	\$ 1,483
Time deposits	—	108,434	—	108,434
Other non-current assets:				
Severance pay fund	—	657	—	657
Total assets	<u>\$ 1,483</u>	<u>\$ 109,091</u>	<u>\$ —</u>	<u>\$ 110,574</u>

	Fair Value Measurements at February 2, 2019			
	Level 1	Level 2	Level 3	Total
Items measured at fair value on a recurring basis:				
Assets				
Cash equivalents:				
Money market funds	\$ 16,829	\$ —	\$ —	\$ 16,829
Time deposits	—	73,935	—	73,935
Other non-current assets:				
Severance pay fund	—	727	—	727
Total assets	<u>\$ 16,829</u>	<u>\$ 74,662</u>	<u>\$ —</u>	<u>\$ 91,491</u>

Fair Value of Debt

The Company classified the Term Loan, the 2023 Notes and 2028 Notes under Level 2 of the fair value measurement hierarchy. The carrying value of the Term Loan approximates its fair value as the Term Loan is carried at a market observable interest rate that resets periodically. The estimated aggregate fair value of the 2023 Notes and 2028 Notes was \$1.1 billion at August 3, 2019 and February 2, 2019, and were classified as Level 2 as there are quoted prices from less active markets for the notes.

Note 7. Goodwill and Acquired Intangible Assets, Net

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. In connection with the May 2019 announcement for the divestiture of the Wi-Fi business, the Company reclassified \$557.8 million of goodwill to assets held for sale. See "Note 4 - Business Combination" for discussion of the Cavium acquisition and "Note 1 - Basis of Presentation" for discussion of the Wi-Fi divestiture.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Acquired Intangible Assets, Net

As of August 3, 2019 and February 2, 2019, net carrying amounts of acquired intangible assets are as follows (in thousands, except for weighted average remaining amortization period):

	August 3, 2019			
	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amounts	Weighted average remaining amortization period (years)
Developed technologies	\$ 1,868,000	\$ (255,206)	\$ 1,612,794	6.75
Customer contracts and related relationships	465,000	(82,850)	382,150	7.92
Trade names	23,000	(5,969)	17,031	3.40
Total acquired amortizable intangible assets	\$ 2,356,000	\$ (344,025)	\$ 2,011,975	6.95
IPR&D	388,000	—	388,000	n/a
Total acquired intangible assets	\$ 2,744,000	\$ (344,025)	\$ 2,399,975	

	February 2, 2019			
	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amounts	Weighted average remaining amortization period (years)
Developed technologies	\$ 1,743,000	\$ (134,167)	\$ 1,608,833	7.10
Customer contracts and related relationships	465,000	(45,939)	419,061	8.42
Trade names	23,000	(3,212)	19,788	3.85
Total acquired amortizable intangible assets	\$ 2,231,000	\$ (183,318)	\$ 2,047,682	7.34
IPR&D	513,000	—	513,000	n/a
Total acquired intangible assets	\$ 2,744,000	\$ (183,318)	\$ 2,560,682	

The intangible assets are amortized on a straight-line basis over the estimated useful lives, except for customer contracts and related relationships, which are amortized using an accelerated method of amortization over the expected customer lives, which more accurately reflects the pattern of realization of economic benefits expected to be obtained. The IPR&D will be accounted for as an indefinite-lived intangible asset and will not be amortized until the underlying projects reach technological feasibility and commercial production at which point the IPR&D will be amortized over the estimated useful life. Useful lives for these IPR&D projects are expected to range between 4 to 9 years. In the event the IPR&D is abandoned the related assets will be written off.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Amortization expense for acquired intangible assets for the three and six months ended August 3, 2019 was \$81.0 million and \$160.7 million, respectively. Amortization expense for acquired intangible assets for the three and six months ended August 4, 2018 was \$25.9 million.

The following table presents the estimated future amortization expense of acquired amortizable intangible assets as of August 3, 2019 (in thousands):

Fiscal Year	Amount
Remainder of 2020	\$ 161,772
2021	315,423
2022	306,867
2023	299,438
2024	281,091
Thereafter	647,384
	<u>\$ 2,011,975</u>

Note 8. Debt

In connection with the acquisition of Cavium (see “Note 4 - Business Combination”), the Company executed debt agreements in June 2018 to obtain a \$900 million term loan, a \$500 million revolving credit facility and \$1.0 billion of senior unsecured notes. Upon completion of the offering of the senior unsecured notes in June 2018, the Company terminated an \$850 million bridge loan commitment. This bridge loan commitment was provided by the underwriting bankers at the time the Merger Agreement was executed in November 2017. The bridge loan was never drawn upon.

Term Loan and Revolving Credit Facility

On June 13, 2018, the Company entered into a credit agreement (“Credit Agreement”) with certain lenders. The Credit Agreement provides for borrowings of: (i) up to \$500.0 million in the form of a revolving line of credit (“Revolving Credit Facility”) and (ii) \$900.0 million in the form of a term loan (“Term Loan”). The proceeds of the Term Loan were used to fund a portion of the cash consideration for the Cavium acquisition, repay Cavium’s debt, and pay transaction expenses in connection with the Cavium acquisition. The proceeds of the Revolving Credit Facility are intended for general corporate purposes of the Company and its subsidiaries, which may include, among other things, the financing of acquisitions, the refinancing of other indebtedness and the payment of transaction expenses related to the foregoing. As of August 3, 2019, the Revolving Credit Facility has not been drawn upon. Following is further detail of the terms of the various debt agreements.

The Term Loan has a three year term which matures on July 6, 2021 and has a stated floating interest rate which equates to reserve-adjusted LIBOR + 137.5 bps. The effective interest rate for the Term Loan was 4.256% as of August 3, 2019. The Term Loan does not require any scheduled principal payments prior to final maturity but does permit the Company to make early principal payments without premium or penalty. The Revolving Credit Facility has a five year term and has a stated floating interest rate which equates to reserve-adjusted LIBOR + 150.0 bps. As of August 3, 2019, the full amount of the Revolving Credit Facility of \$500 million was undrawn and will be available for draw down through June 13, 2023. An unused commitment fee is payable quarterly based on unused balances at a rate that is based on the ratings of the Company's senior unsecured long-term indebtedness. This rate was 0.175% at August 3, 2019.

The Credit Agreement requires that the Company and its subsidiaries comply, subject to certain exceptions, with covenants relating to customary matters such as creating or permitting certain liens, entering into sale and leaseback transactions, consolidating, merging, liquidating or dissolving, and entering into restrictive agreements. It also prohibits subsidiaries of the Company from incurring additional indebtedness, and requires the Company to comply with a leverage ratio financial covenant as of the end of any fiscal quarter. As of August 3, 2019, the Company was in compliance with all of its debt covenants.

Senior Unsecured Notes

On June 22, 2018, the Company completed a public offering of (i) \$500.0 million aggregate principal amount of the Company's 4.200% Senior Notes due 2023 (the “2023 Notes”) and (ii) \$500.0 million aggregate principal amount of the Company's 4.875% Senior Notes due 2028 (the “2028 Notes” and, together with the 2023 Notes, the “Senior Notes”).

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The 2023 Notes mature on June 22, 2023 and the 2028 Notes mature on June 22, 2028. The stated and effective interest rates for the 2023 Notes are 4.200% and 4.423%, respectively. The stated and effective interest rates for the 2028 Notes are 4.875% and 5.012%, respectively. The Company may redeem the Senior Notes, in whole or in part, at any time prior to their maturity at the redemption prices set forth in Senior Notes. In addition, upon the occurrence of a change of control repurchase event (which involves the occurrence of both a change of control and a ratings event involving the Senior Notes being rated below investment grade), the Company will be required to make an offer to repurchase the Senior Notes at a price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest to, but excluding, the repurchase date. The indenture governing the Senior Notes also contains certain limited covenants restricting the Company's ability to incur certain liens, enter into certain sale and leaseback transactions and merge or consolidate with any other entity or convey, transfer or lease all or substantially all of the Company's properties or assets to another person, which, in each case, are subject to certain qualifications and exceptions.

Summary of Borrowings and Outstanding Debt

The following table summarizes the Company's outstanding debt at August 3, 2019 and February 2, 2019 (in thousands):

	August 3, 2019	February 2, 2019
Face Value Outstanding:		
Term Loan	\$ 700,000	\$ 750,000
2023 Notes	500,000	500,000
2028 Notes	500,000	500,000
Total borrowings	\$ 1,700,000	\$ 1,750,000
Less: Unamortized debt discount and issuance cost	(14,641)	(17,301)
Net carrying amount of debt	\$ 1,685,359	\$ 1,732,699
Less: Current portion	—	—
Non-current portion	\$ 1,685,359	\$ 1,732,699

During the three and six months ended August 3, 2019, the Company recognized \$19.9 million and \$39.2 million of interest expense in its condensed consolidated statements of operations related to interest, amortization of debt issuance costs and accretion of discount associated with the outstanding Term Loan and Senior Notes, respectively.

During the three and six months ended August 4, 2018, the Company recognized \$9.1 million of interest expense in its condensed consolidated statements of operations related to interest, amortization of debt issuance costs and accretion of discount associated with the outstanding Term Loan and Senior Notes, respectively.

As of August 3, 2019, the aggregate future contractual maturities of the Company's outstanding debt, at face value, were as follows (in thousands):

Fiscal year	Amount
Remainder of 2020	\$ —
2021	—
2022	700,000
2023	—
2024	500,000
Thereafter	500,000
Total	\$ 1,700,000

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 9. Restructuring and Other Related Charges

The Company continuously evaluates its existing operations to increase operational efficiency, decrease costs and increase profitability. The Company recorded restructuring and other related charges of \$16.6 million and \$22.3 million for the three and six months ended August 3, 2019, respectively. The Company expects to complete these restructuring actions by the end of fiscal 2020.

The Company recorded restructuring and other related charges of \$35.4 million and \$37.0 million for the three and six months ended August 4, 2018, respectively.

The following table presents details related to the restructuring related charges as presented in the condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Severance and related costs	\$ 7,139	\$ 22,605	\$ 8,627	\$ 24,057
Facilities and related costs	1,078	11,029	1,556	11,057
Other exit-related costs	2,632	174	2,823	262
	10,849	33,808	13,006	35,376
Release of reserves:				
Severance	—	(307)	—	(307)
Facilities and related costs	(544)	—	(732)	—
Other exit-related costs	—	—	(127)	—
Other restructuring charges				
Fixed assets write off	—	1,993	633	1,993
Exchange rate adjustment	—	(79)	—	(80)
Right-of-use asset amortization and impairment	7,675	—	10,882	—
Release of facility lease liability	(1,394)	—	(1,394)	—
	\$ 16,586	\$ 35,415	\$ 22,268	\$ 36,982

The following table sets forth a reconciliation of the beginning and ending restructuring liability balances by each major type of cost associated with the restructuring charges (in thousands):

	Severance and related costs	Facilities and related costs	Other exit-related costs	Total
Balance at February 2, 2019	\$ 12,403	\$ 26,904	\$ 1,049	\$ 40,356
Restructuring charges	8,627	1,556	2,823	13,006
Net cash payments	(14,743)	(1,643)	(1,271)	(17,657)
Release of reserves	—	(732)	(127)	(859)
Effect of adoption of ASC 842	—	(25,893)	—	(25,893)
Balance at August 3, 2019	6,287	192	2,474	8,953
Less: non-current portion	—	75	—	75
Current portion	\$ 6,287	\$ 117	\$ 2,474	\$ 8,878

Upon adoption of the new lease accounting standard (see Note 3 - "Leases"), certain restructuring liabilities were required to be recognized as a reduction of the ROU asset.

The remaining accrued severance and related costs and the other exit-related costs are expected to be paid in fiscal 2020. The remaining accrued facility and related costs includes remaining payments under lease obligations related to vacated space that are expected to be paid through fiscal 2021.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 10. Commitments and Contingencies

Purchase Commitments

Under the Company's manufacturing relationships with its foundry partners, cancellation of outstanding purchase orders is allowed but requires payment of all costs and expenses incurred through the date of cancellation. As of August 3, 2019, these foundries had incurred approximately \$172.8 million of manufacturing costs and expenses relating to the Company's outstanding purchase orders.

Contingencies and Legal Proceedings

The Company may from time to time be a party to claims, lawsuits, governmental inquiries, inspections or investigations and other legal proceedings (collectively, "Legal Matters") arising in the course of its business. Such Legal Matters, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

In 2015 the Securities and Exchange Commission (the "SEC") and Department of Justice commenced an investigation regarding disclosures relating to certain revenue recognized in the first and second quarters of fiscal 2016 and the fourth quarter of fiscal 2015, including transactions that would have, in the normal course of events and but for action by certain Marvell employees, been completed and recognized in a subsequent quarter (referred to internally as "pull-ins"). The Company has been fully cooperating with the investigation.

The Company is currently unable to predict the final outcome of its Legal Matters and therefore cannot determine the likelihood of loss or estimate a range of possible loss, except with respect to amounts where it has determined a loss is both probable and estimable and has made an accrual. The Company evaluates, at least on a quarterly basis, developments in its Legal Matters that could affect the amount of any accrual, as well as any developments that would result in a loss contingency to become both probable and reasonably estimable. The ultimate outcome of any Legal Matter involves judgments, estimates and inherent uncertainties. An unfavorable outcome in a Legal Matter, particularly in a patent dispute, could require the Company to pay damages or could prevent the Company from selling some of its products in certain jurisdictions. While the Company cannot predict with certainty the results of the Legal Matters in which it is currently involved, the Company does not expect that the ultimate costs to resolve these Legal Matters will individually or in the aggregate have a material adverse effect on its financial condition, however, there can be no assurance that the current or any future Legal Matters will be resolved in a manner that is not adverse to the Company's business, financial condition, results of operations or cash flows.

Indemnities, Commitments and Guarantees

During its normal course of business, the Company has made certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities may include indemnities for general commercial obligations, indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease, and indemnities to directors and officers of the Company to the maximum extent permitted under the laws of Bermuda. In addition, the Company has contractual commitments to various customers, which could require the Company to incur costs to repair an epidemic defect with respect to its products outside of the normal warranty period if such defect were to occur. The duration of these indemnities, commitments and guarantees varies, and in certain cases, is indefinite. Some of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential future payments that the Company could be obligated to make. In general, the Company does not record any liability for these indemnities, commitments and guarantees in the accompanying condensed consolidated balance sheets as the amounts cannot be reasonably estimated and are not considered probable. The Company does, however, accrue for losses for any known contingent liability, including those that may arise from indemnification provisions, when future payment is probable.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Intellectual Property Indemnification

In addition to the above indemnities, the Company has agreed to indemnify certain customers for claims made against the Company's products where such claims allege infringement of third-party intellectual property rights, including, but not limited to, patents, registered trademarks, and/or copyrights. Under the aforementioned indemnification clauses, the Company may be obligated to defend the customer and pay for the damages awarded against the customer as well as the attorneys' fees and costs under an infringement claim. The Company's indemnification obligations generally do not expire after termination or expiration of the agreement containing the indemnification obligation. Generally, there are limits on and exceptions to the Company's potential liability for indemnification. Although historically the Company has not made significant payments under these indemnification obligations, the Company cannot estimate the amount of potential future payments, if any, that it might be required to make as a result of these agreements. The maximum potential amount of any future payments that the Company could be required to make under these indemnification obligations could be significant.

Note 11. Revenue

The majority of the Company's revenue is generated from sales of the Company's products. The following table summarizes net revenue disaggregated by product group (in thousands, except percentages):

	Three Months Ended				Six Months Ended			
	August 3, 2019	% of Total	August 4, 2018	% of Total	August 3, 2019	% of Total	August 4, 2018	% of Total
Net revenue by product group:								
Storage (1)	\$ 274,905	42%	\$ 335,764	50%	\$ 553,572	42%	\$ 652,833	51%
Networking (2)	329,605	50%	283,330	43%	670,949	51%	527,558	42%
Other (3)	52,058	8%	46,216	7%	94,499	7%	89,550	7%
	<u>\$ 656,568</u>		<u>\$ 665,310</u>		<u>\$ 1,319,020</u>		<u>\$ 1,269,941</u>	

- 1) Storage products are comprised primarily of HDD, SSD Controllers, Fibre Channel Adapters and Data Center Storage Solutions.
- 2) Networking products are comprised primarily of Ethernet Switches, Ethernet Transceivers, Ethernet NICs, Embedded Communications and Infrastructure Processors, Automotive Ethernet, Security Adapters and Processors as well as WiFi Connectivity products. In addition, this grouping includes a few legacy product lines in which the Company no longer invests, but will generate revenue for several years.
- 3) Other products are comprised primarily of Printer Solutions, Application Processors and others.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes net revenue disaggregated by primary geographical market (in thousands, except percentages):

	Three Months Ended				Six Months Ended			
	August 3, 2019	% of Total	August 4, 2018	% of Total	August 3, 2019	% of Total	August 4, 2018	% of Total
Net revenue based on destination of shipment:								
China	\$ 286,310	44%	\$ 292,033	44%	\$ 532,444	40%	\$ 566,542	45%
United States	55,580	8%	16,563	2%	128,586	10%	32,592	3%
Philippines	60,287	9%	55,416	8%	122,774	9%	113,183	9%
Thailand	63,511	10%	39,256	6%	110,177	8%	80,790	6%
Malaysia	36,019	5%	96,127	14%	99,339	8%	186,750	15%
Japan	41,120	6%	37,791	6%	80,090	6%	72,780	6%
Other	113,741	18%	128,124	20%	245,610	19%	217,304	16%
	<u>\$ 656,568</u>		<u>\$ 665,310</u>		<u>\$ 1,319,020</u>		<u>\$ 1,269,941</u>	

The following table summarizes net revenue disaggregated by customer type (in thousands, except percentages):

	Three Months Ended				Six Months Ended			
	August 3, 2019	% of Total	August 4, 2018	% of Total	August 3, 2019	% of Total	August 4, 2018	% of Total
Net revenue by customer type:								
Direct customers	\$ 484,743	74%	\$ 532,351	80%	\$ 999,301	76%	\$ 1,002,827	79%
Distributors	171,825	26%	132,959	20%	319,719	24%	267,114	21%
	<u>\$ 656,568</u>		<u>\$ 665,310</u>		<u>\$ 1,319,020</u>		<u>\$ 1,269,941</u>	

Contract Liabilities

Contract liabilities consist of the Company's obligation to transfer goods or services to a customer for which the Company has received consideration or the amount is due from the customer. As of August 3, 2019, contract liability balances are comprised of variable consideration estimated based on a portfolio basis using the expected value methodology based on analysis of historical data, current economic conditions, and contractual terms. Variable consideration estimates consist of the estimated returns, price discounts, price protection, rebates, and stock rotation programs. As of the end of a reporting period, some of the performance obligations associated with contracts will have been unsatisfied or only partially satisfied. In accordance with the practical expedients available in the guidance, the Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less. Contract liabilities are included in accrued liabilities in the condensed consolidated balance sheets.

The opening balance of contract liabilities at the beginning of the first quarter of fiscal year 2020 was \$142.4 million. During the six months ended August 3, 2019, contract liabilities increased by \$294.8 million associated with variable consideration estimates, offset by \$314.2 million decrease in such reserves primarily due to credit memos issued to customers. The ending balance of contract liabilities as of the second quarter of fiscal year 2020 was \$123.0 million. The amount of revenue recognized during the six months ended August 3, 2019 that was included in the contract liabilities balance at February 2, 2019 was not material.

Sales Commissions

The Company has elected to apply the practical expedient to expense commissions when incurred as the amortization period is typically one year or less. These costs are recorded in selling, general and administrative expenses in the condensed consolidated statements of operations.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 12. Income Tax

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, the Company updates its estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, the Company makes a cumulative adjustment in such period. The Company's quarterly tax provision, and estimate of its annual effective tax rate, is subject to variation due to several factors, including variability in accurately predicting our pre-tax income or loss and the mix of jurisdictions to which they relate, intercompany transactions, the applicability of special tax regimes, changes in how we do business, and acquisitions, as well as the integration of such acquisitions.

The Company's estimated effective tax rate for the year differs from the U.S. statutory rate of 21% primarily due to a substantial portion of its earnings being taxed at rates lower than the U.S. statutory rate. The Company's effective tax rate was adversely affected by pre-tax losses in certain non-U.S. tax jurisdictions that are subject to tax rates that are lower than 21%. These losses reduce the Company's pre-tax income without a corresponding reduction in its tax expense, and therefore increase its effective tax rate.

The income tax benefit of \$10.5 million for the three months ended August 3, 2019 included a tax benefit from a net reduction in unrecognized tax benefits of \$9.3 million, offset by \$2.1 million of expense related to a change in the applicable statutory tax rate in one of the Company's more significant jurisdictions.

The income tax benefit of \$3.3 million for the six months ended August 3, 2019 included a tax benefit from a net reduction in unrecognized tax benefits of \$12.5 million, offset by \$9.9 million in tax due on amounts that were previously considered indefinitely reinvested.

It is reasonably possible that the amount of unrecognized tax benefits could increase or decrease significantly due to changes in tax law in various jurisdictions, new tax audits and changes in the U.S. dollar as compared to foreign currencies within the next 12 months. Excluding these factors, uncertain tax positions may decrease by as much as \$14.2 million from the lapse of statutes of limitation in various jurisdictions during the next 12 months. Government tax authorities from several non-U.S. jurisdictions are also examining the Company's tax returns. The Company believes that it has adequately provided for any reasonably foreseeable outcomes related to its tax audits and that any settlement will not have a material effect on its results at this time.

The Company operates under tax incentives in certain countries that may be extended if certain additional requirements are satisfied. The tax incentives are conditional upon meeting certain employment and investment thresholds. The impact of these tax incentives decreased foreign taxes by \$1.6 million and \$1.7 million, respectively for the three and six months ended August 3, 2019, and \$0.5 million and \$1.2 million for the three and six months ended August 4, 2018, respectively. The benefit of the tax incentives on net income per share was less than \$0.01 per share for both the three and six months ended August 3, 2019 and August 4, 2018.

The Company's principal source of liquidity as of August 3, 2019 consisted of approximately \$573 million of cash, cash equivalents and short-term investments, of which approximately \$496 million was held by subsidiaries outside of Bermuda. The Company has not recognized a deferred tax liability on \$173 million of these assets as those amounts are deemed to be indefinitely reinvested. The Company plans to use such amounts to fund various activities outside of Bermuda, including working capital requirements, capital expenditures for expansion, funding of future acquisitions or other financing activities.

MARVELL TECHNOLOGY GROUP LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 13. Net Income Per Share

The Company reports both basic net income per share, which is based on the weighted average number of common shares outstanding during the period, and diluted net income per share, which is based on the weighted average number of common shares outstanding and potentially dilutive shares outstanding during the period.

The computations of basic and diluted net income per share are presented in the following table (in thousands, except per share amounts):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Numerator:				
Net income (loss)	\$ (57,331)	\$ 6,759	\$ (105,781)	\$ 135,371
Denominator:				
Weighted average shares — basic	663,603	552,238	661,280	524,787
Effect of dilutive securities:				
Share-based awards	—	9,911	—	10,646
Weighted average shares — diluted	663,603	562,149	661,280	535,433
Net income per share:				
Basic	\$ (0.09)	\$ 0.01	\$ (0.16)	\$ 0.26
Diluted	\$ (0.09)	\$ 0.01	\$ (0.16)	\$ 0.25

Potential dilutive securities include dilutive common shares from share-based awards attributable to the assumed exercise of stock options, restricted stock units and employee stock purchase plan shares using the treasury stock method. Under the treasury stock method, potential common shares outstanding are not included in the computation of diluted net income per share if their effect is anti-dilutive.

Anti-dilutive potential shares are presented in the following table (in thousands):

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Weighted average shares outstanding:				
Share-based awards	13,209	5,718	12,812	5,604

Anti-dilutive potential shares from share-based awards are excluded from the calculation of diluted earnings per share for all periods reported above because either their exercise price exceeded the average market price during the period or the share-based awards were determined to be anti-dilutive based on applying the treasury stock method. Anti-dilutive potential shares are also excluded from the calculation of diluted earnings per share for the three and six months ended August 3, 2019 due to the net loss reported in those periods.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results to differ materially from those implied by the forward-looking statements. Words such as "anticipates," "expects," "intends," "plans," "projects," "believes," "seeks," "estimates," "may," "can," "will," "would" and similar expressions identify such forward-looking statements.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements. Factors that could cause actual results to differ materially from those predicted, include, but are not limited to:

- *our ability to complete pending acquisitions and successfully integrate acquired businesses with our business;*
- *our ability to realize anticipated synergies in connection with acquired businesses;*
- *the impact and costs associated with changes in international financial and regulatory conditions such as the addition of new trade tariffs or embargos;*
- *the risks associated with manufacturing and selling a majority of our products and our customers' products outside of the United States;*
- *the impact of international conflict and continued economic volatility in either domestic or foreign markets;*
- *our ability to define, design and develop products for the infrastructure and 5G market and market and sell those products to infrastructure customers;*
- *the effects of any potential future acquisitions, strategic investments, divestitures, mergers or joint ventures;*
- *risks associated with acquisition and consolidation activity in the semiconductor industry;*
- *our ability and the ability of our customers to successfully compete in the markets in which we serve;*
- *our dependence upon the storage market, which is highly cyclical and intensely competitive;*
- *our ability and our customers' ability to develop new and enhanced products and the adoption of those products in the market;*
- *the impact of any changes in our application of the United States federal income tax laws and the loss of any beneficial treatment that we currently enjoy;*
- *decreases in our gross margin and results of operations in the future due to a number of factors;*
- *our reliance on independent foundries and subcontractors for the manufacture, assembly and testing of our products;*
- *the effects of transitioning to smaller geometry process technologies;*
- *our dependence on a small number of customers;*
- *our ability to scale our operations in response to changes in demand for existing or new products and services;*
- *our ability to limit costs related to defective products;*
- *our ability to realize expected benefits from restructuring activities;*
- *our ability to recruit and retain experienced executive management as well as highly skilled engineering and sales and marketing personnel;*
- *our ability to mitigate risks related to our information technology systems;*
- *our ability to protect our intellectual property;*
- *our ability to estimate customer demand and future sales accurately;*
- *our reliance on third-party distributors and manufacturers' representatives to sell our products;*
- *our maintenance of an effective system of internal controls;*
- *severe financial hardship or bankruptcy of one or more of our major customers; and*
- *the outcome of pending or future litigation and legal and regulatory proceedings.*

Additional factors which could cause actual results to differ materially include those set forth in the following discussion, as well as the risks discussed in Part II, Item 1A, "Risk Factors," and other sections of this Quarterly Report on Form 10-Q. These forward-looking statements speak only as of the date hereof. Unless required by law, we undertake no obligation to update any forward-looking statements.

Overview

We are a leading supplier of infrastructure semiconductor solutions, spanning the data center core to network edge. We are a fabless semiconductor supplier of high-performance standard and semi-custom products with core strengths in developing and scaling complex System-on-a-Chip architectures integrating analog, mixed-signal and digital signal processing functionality. Leveraging leading intellectual property and deep system-level expertise as well as highly innovative security firmware, our solutions are empowering the data economy and enabling communications across 5G, cloud, automotive, industrial and artificial intelligence applications.

In the second quarter of fiscal 2020, our net revenue decreased year over year by 1% from \$665.3 million net revenue in the second quarter fiscal 2019 compared with \$656.6 million in the second quarter of fiscal 2020. The decrease was primarily due to decreased sales of our storage products by 18%. This decrease was partially offset by an increase in our networking product sales and other product sales, which increased by 16% and 13%, respectively with sales benefiting from our acquisition of Cavium. Our net revenue for the six months ended August 3, 2019 increased by \$49.1 million compared to net revenue for the six months ended August 4, 2018. The increase was primarily due to increased sales of our networking products and other products by 27% and 6%, respectively, with sales benefiting from our acquisition of Cavium. The growth was partially offset by decreased sales of our storage products, which decreased by 15% in relation to the six months ended August 4, 2018.

As we enter the third quarter of fiscal year 2020, we are monitoring the near term geopolitical uncertainty and the recent ban on shipments to Huawei Technologies Co., Ltd. ("Huawei"). The US government export restrictions on Huawei were implemented in the second week of our second quarter of fiscal year 2020, limiting revenue from that customer to shipments during a short period during the second quarter of fiscal year 2020. In addition, there may be indirect impacts to our business which we cannot easily quantify such as the fact that some of our other customer's products which use our solutions, such as hard disk drives, may also be impacted by the export restrictions.

On May 6, 2019, we announced our intent to acquire Aquantia, Corp. ("Aquantia"), a publicly traded company. It is a manufacturer of high speed transceivers which includes copper and optical physical layer products. We will pay Aquantia's stockholders \$13.25 per share in cash, or approximately \$480 million. The transaction is expected to close by December 2019, subject to regulatory approval as well as other customary closing conditions. On July 10, 2019, Aquantia's stockholders approved the merger agreement.

The acquisition of Aquantia complements our portfolio of copper and optical physical layer product offerings and extends our position in the Multi-Gig 2.5G/5G/10G Ethernet segments. In particular, Aquantia's multi-gig automotive PHYs, coupled with our industry-leading gigabit PHY and secure switch products, creates an advanced range of high-speed in-car networking solutions to enable automotive networking with speeds necessary to enable level 4 and 5 autonomous driving.

On May 20, 2019, we announced our intent to acquire Avera Semiconductor ("Avera"), the application specific integrated circuit ("ASIC") business of GlobalFoundries Inc. ("GlobalFoundries"). This acquisition brings together Avera's leading custom design capabilities with our advanced technology platform and scale, creating a leading ASIC supplier for wired and wireless infrastructure. The agreements include transfer of Avera's revenue base, strategic design wins with leading infrastructure original equipment manufacturers, and a new long-term wafer supply agreement between GlobalFoundries and us. We will pay GlobalFoundries \$650 million in cash at closing, subject to certain adjustments, plus an additional \$90 million in cash if certain business conditions are satisfied within the next 15 months. The transaction is expected to close by January 2020 pending receipt of regulatory approvals and other customary closing conditions.

On May 29, 2019, we announced our intent to sell our Wi-Fi connectivity business to NXP for \$1.76 billion in cash. The divestiture encompasses our Wi-Fi and bluetooth technology portfolios and related assets. The business employs approximately 550 people worldwide and generated approximately \$300 million in revenue in our fiscal 2019. This transaction is expected to close by the first quarter of calendar 2020, subject to customary closing conditions and regulatory approvals. As of August 3, 2019, we classified assets held for sale of \$597.7 million, which consisted of \$28.2 million of inventory, \$6.1 million of property, plant and equipment, \$557.8 million of goodwill, \$5.6 million of right-of-use asset, and classified liabilities held for sale of \$5.6 million associated with lease liability in our condensed consolidated balance sheet.

Capital Return Program. We remain committed to delivering shareholder value through our share repurchase and dividend programs. On October 16, 2018, we announced that our Board of Directors authorized a \$700 million addition to the balance of our existing share repurchase program. Under the program authorized by our Board of Directors, we may repurchase shares in the open-market or through privately negotiated transactions. The extent to which we repurchase our shares and the timing of such repurchases will depend upon market conditions and other corporate considerations, as determined by our management team. The repurchase program may be suspended or discontinued at any time. As of August 3, 2019, there was \$890 million remaining available for future share repurchases.

For the six months ended August 3, 2019, we repurchased 3.0 million shares of our common stock for \$64.3 million. As of August 3, 2019, a total of 295.4 million shares have been repurchased to date under the Company's share repurchase programs for a total \$3.9 billion in cash. We returned \$143.7 million to stockholders in the six months ended August 3, 2019, including our repurchases of common stock and \$79.4 million of cash dividends.

Cash and Short Term Investments. Our cash, cash equivalents and short-term investments were \$573.5 million at August 3, 2019, which was slightly lower than our balance at our fiscal year ended February 2, 2019 of \$582.4 million.

Sales and Customer Composition. Historically, a relatively small number of customers have accounted for a significant portion of our net revenue. Net revenue attributable to significant customers whose revenue as a percentage of net revenue was 10% or greater of total net revenue is presented in the following table:

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
End Customer:				
Cisco Systems	11%	11%	11%	*
Toshiba	*	13%	10%	13%
Western Digital	*	15%	10%	15%
Seagate	*	11%	*	11%
Distributor:				
Wintech	14%	*	12%	*

* Less than 10% of net revenue

We continuously monitor the creditworthiness of our major customers and distributors and believe the distributors' sales to diverse end customers and geographies further serve to mitigate our exposure to credit risk.

Most of our sales are made to customers located outside of the United States, primarily in Asia, and all of our products are manufactured outside the United States. Sales shipped to customers with operations in Asia represented approximately 82% and 81% of our net revenue in the three and six months ended August 3, 2019, and approximately 89% and 91% of net revenue in the three and six months ended August 4, 2018, respectively. Because many manufacturers and manufacturing subcontractors of our customers are located in Asia, we expect that most of our net revenue will continue to be represented by sales to our customers in that region. For risks related to our global operations, see Part II, Item 1A, "Risk Factors," including but not limited to the risk detailed under the caption "*We face additional risks due to the extent of our global operations since a majority of our products, and those of our customers, are manufactured and sold outside of the United States. The occurrence of any or a combination of the additional risks described below would significantly and negatively impact our business and results of operations.*"

Historically, a relatively large portion of our sales have been made on the basis of purchase orders rather than long-term agreements. Customers can generally cancel or defer purchase orders on short notice without incurring a significant penalty. In addition, the development process for our products is long, which may cause us to experience a delay between the time we incur expenses and the time revenue is generated from these expenditures. We anticipate that the rate of new orders may vary significantly from quarter to quarter. For risks related to our sales cycles, see Part II, Item 1A, "Risk Factors," including but not limited to the risk detailed under the caption "*We are subject to order and shipment uncertainties. If we are unable to accurately predict customer demand, we may hold excess or obsolete inventory, which would reduce our gross margin. Conversely, we may have insufficient inventory, which would result in lost revenue opportunities and potential loss of market share as well as damaged customer relationships.*"

Critical Accounting Policies and Estimates

There have been no material changes during the three months ended August 3, 2019 to our critical accounting policies and estimates from the information provided in the “Critical Accounting Policies and Estimates” section of our Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019.

Results of Operations

The following table sets forth information derived from our unaudited condensed consolidated statements of operations expressed as a percentage of net revenue:

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Net revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of goods sold	46.6	43.3	46.0	40.7
Gross profit	53.4	56.7	54.0	59.3
Operating expenses:				
Research and development	40.6	32.5	40.4	31.0
Selling, general and administrative	17.4	20.1	17.0	16.2
Restructuring related charges	2.5	5.3	1.7	2.9
Total operating expenses	60.5	57.9	59.1	50.1
Operating income (loss)	(7.1)	(1.2)	(5.1)	9.2
Interest income	0.2	0.5	0.2	0.8
Interest expense	(3.1)	(2.4)	(3.2)	(1.3)
Other income (loss), net	(0.3)	(0.4)	(0.2)	(0.1)
Income (loss) before income taxes	(10.3)	(3.5)	(8.3)	8.6
Provision for income taxes	(1.6)	(4.5)	(0.2)	(2.1)
Income (loss), net of tax	(8.7)%	1.0 %	(8.1)%	10.7 %

Three and six months ended August 3, 2019 and August 4, 2018

Net Revenue

	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	% Change	August 3, 2019	August 4, 2018	% Change
(in thousands, except percentage)						
Net revenue	\$ 656,568	\$ 665,310	(1.3)%	\$ 1,319,020	\$ 1,269,941	3.9%

Our net revenue for the three months ended August 3, 2019 decreased by \$8.7 million compared to net revenue for the three months ended August 4, 2018. This was primarily due to decreased sales of our storage products by 18%. This decrease was partially offset by increased sales of our networking products and other products, which were up 16% and 13% respectively, compared to the three months ended August 4, 2018 with sales benefiting from our acquisition of Cavium.

Our net revenue for the six months ended August 3, 2019 increased by \$49.1 million compared to net revenue for the six months ended August 4, 2018. This was primarily due to increased sales of our networking products and other products by 27% and 6% respectively, with sales benefiting from our acquisition of Cavium. This increase was partially offset by decreased sales of our storage products, which were down 15%, compared to the six months ended August 4, 2018.

In the three months ended August 3, 2019, unit shipments were 16% lower and average selling prices increased 13% compared to the three months ended August 4, 2018. In the six months ended August 3, 2019, unit shipments were 30% lower and average selling prices increased 26% compared to the six months ended August 4, 2018.

Cost of Goods Sold and Gross Profit

	Three Months Ended				Six Months Ended		
	August 3, 2019	August 4, 2018	% Change	August 3, 2019	August 4, 2018	% Change	
	(in thousands, except percentage)						
Cost of goods sold	\$ 305,866	\$ 288,200	6.1 %	\$ 606,890	\$ 517,138	17.4 %	
% of net revenue	46.6%	43.3%		46.0%	40.7%		
Gross profit	\$ 350,702	\$ 377,110	(7.0)%	\$ 712,130	\$ 752,803	(5.4)%	
% of net revenue	53.4%	56.7%		54.0%	59.3%		

Cost of goods sold as a percentage of net revenue was higher for the three and six months ended August 3, 2019 compared to the three and six months ended August 4, 2018, which primarily resulted from increased costs from amortization of acquired intangible assets in fiscal 2020, partially offset by the amortization of inventory fair value adjustment associated with the Cavium acquisition which only existed in fiscal 2019. As a result, gross margin for the three and six months ended August 3, 2019 decreased 3.3 and 5.3 percentage points compared to the three and six months ended August 4, 2018.

Research and Development

	Three Months Ended				Six Months Ended		
	August 3, 2019	August 4, 2018	% Change		August 3, 2019	August 4, 2018	% Change
	(in thousands, except percentage)						
Research and development	\$ 266,354	\$ 216,285	23.1%	\$	533,221	\$ 393,019	35.7%
% of net revenue	40.6%	32.5%			40.4%	31%	

Research and development expenses increased by \$50.1 million in the three months ended August 3, 2019 compared to the three months ended August 4, 2018. The increase was primarily due to \$48.0 million of higher employee personnel-related costs from our acquisition of Cavium.

Research and development expenses increased \$140.2 million in the six months ended August 3, 2019 compared to the six months ended August 4, 2018. The increase was primarily due to \$132.3 million of higher employee personnel-related costs from our acquisition of Cavium.

Selling, general and administrative

	Three Months Ended				Six Months Ended		
	August 3, 2019	August 4, 2018	% Change		August 3, 2019	August 4, 2018	% Change
	(in thousands, except percentage)						
Selling, general and administrative	\$ 113,990	\$ 133,701	(14.7)%	\$	223,995	\$ 206,014	8.7%
% of net revenue	17.4%	20.1%			17.0%	16.2%	

Selling, general and administrative expenses decreased by \$19.7 million in the three months ended August 3, 2019 compared to the three months ended August 4, 2018. The decrease was primarily due to \$24.7 million of lower employee personnel-related costs.

Selling, general and administrative expenses increased by \$18.0 million in the six months ended August 3, 2019 compared to the six months ended August 4, 2018. The increase was primarily due to additional costs from our acquisition of Cavium, including \$32.7 million of higher intangibles amortization expense, \$5.2 million of higher depreciation expense and \$4.5 million of higher facility related expenses, partially offset by lower integration costs of \$26.6 million.

Restructuring Related Charges

	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	% Change	August 3, 2019	August 4, 2018	% Change
	(in thousands, except percentage)					
Restructuring related charges	\$ 16,586	\$ 35,415	(53.2)%	\$ 22,268	\$ 36,982	(39.8)%
% of net revenue	2.5%	5.3%		1.7%	2.9%	

We recognized \$16.6 million and \$22.3 million of total restructuring related charges in the three and six months ended August 3, 2019 as the Company continues to evaluate its existing operations to increase operational efficiency, decrease costs and increase profitability. See “Note 9 - Restructuring and Other Related Charges” for further information.

Interest Income

	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	% Change	August 3, 2019	August 4, 2018	% Change
	(in thousands, except percentage)					
Interest income	\$ 1,077	\$ 3,575	(69.9)%	\$ 2,345	\$ 9,644	(75.7)%
% of net revenue	0.2%	0.5%		0.2%	0.8%	

Interest income decreased by \$2.5 million and 7.3 million in the three and six months ended August 3, 2019, respectively, compared to the three and six months ended August 4, 2018. The decrease is primarily due to the sale of investments in fiscal 2019.

Interest Expense

	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	% Change	August 3, 2019	August 4, 2018	% Change
	(in thousands, except percentage)					
Interest expense	\$ (20,531)	\$ (15,795)	30.0%	\$ (41,734)	\$ (16,039)	160.2%
% of net revenue	(3.1)%	(2.4)%		(3.2)%	(1.3)%	

Interest expense increased by \$4.7 million and \$25.7 million in the three and six months ended August 3, 2019, respectively, compared to the three and six months ended August 4, 2018. The increase is primarily due to interest expense incurred resulting from the issuance of our 2023 Notes, 2028 Notes and amounts borrowed under our credit agreement.

Other Income (Loss), Net

	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	% Change	August 3, 2019	August 4, 2018	% Change
	(in thousands, except percentage)					
Other income (loss), net	\$ (2,197)	\$ (2,701)	(18.7)%	\$ (2,313)	\$ (1,230)	88.0%
% of net revenue	(0.3)%	(0.4)%		(0.2)%	(0.1)%	

Other income (loss), net, changed by \$0.5 million in the three months ended August 3, 2019 compared to the three months ended August 4, 2018. The change is primarily due to the realized loss on the sale of investments in the three months ended August 4, 2018, which was partially offset by foreign currency losses from foreign tax reserves and transaction costs during the three months ended August 3, 2019.

Other income (loss), net, changed by \$1.1 million in the six months ended August 4, 2018 compared to the six months ended August 4, 2018, primarily due to the foreign currency gain related to the revaluation of foreign currency denominated tax liabilities in fiscal 2019.

Provision (benefit) for Income Taxes

	Three Months Ended				Six Months Ended		
	August 3, 2019	August 4, 2018	% Change		August 3, 2019	August 4, 2018	% Change
	(in thousands, except percentage)						
Provision (benefit) for income taxes	\$ (10,548)	\$ (29,971)	(64.8)%	\$ (3,275)	\$ (26,208)	(87.5)%	

Our income tax benefit for the three months ended August 3, 2019 was \$10.5 million compared to a tax benefit of \$30.0 million for the three months ended August 4, 2018. Our income tax benefit for the three months ended August 3, 2019 differs from the same period in the prior year primarily due to a reduction in our U.S. pre-tax losses in the period. For both periods, we recorded a reversal of uncertain tax positions which resulted in an increase to our income tax benefit for each respective period. The effective tax rate for the three months ended August 3, 2019 and August 4, 2018 differs from the statutory Federal rate of 21% primarily due to non-U.S. earnings that are taxed at a substantially lower tax rate.

Our income tax benefit for the six months ended August 3, 2019 was \$3.3 million compared to a tax benefit of \$26.2 million for the six months ended August 4, 2018. Our income tax benefit for the six months ended August 3, 2019 differs from the same period in the prior year primarily due to a reduction in our U.S. pre-tax losses in the period. For both periods, we recorded a reversal of uncertain tax positions which resulted in an increase to our income tax benefit for each respective period. The effective tax rate for the six months ended August 3, 2019 and August 4, 2018 differs from the statutory Federal rate of 21% primarily due to non-U.S. earnings that are taxed at a substantially lower tax rate.

Our provision for income taxes may be affected by changes in the geographic mix of earnings with different applicable tax rates, accruals related to contingent tax liabilities and period-to-period changes in such accruals, the results of income tax audits, the expiration of statutes of limitations, the implementation of tax planning strategies, tax rulings, court decisions, settlements with tax authorities and changes in tax laws. It is possible that significant negative evidence may become available to reach a conclusion that a valuation allowance will be needed, and as such, we may recognize a valuation allowance in the next 12 months. Additionally, please see the information in "Item 1A: Risk Factors" under the caption "*Changes in existing taxation benefits, rules or practices may adversely affect our financial results.*"

Liquidity and Capital Resources

Our principal source of liquidity as of August 3, 2019 consisted of approximately \$573 million of cash, cash equivalents and short-term investments, of which approximately \$496 million was held by subsidiaries outside of Bermuda. We plan to use such amounts to fund various activities outside of Bermuda, including working capital requirements, capital expenditures for expansion, funding of future acquisitions or other financing activities.

In June 2018, we executed debt agreements to obtain a \$900 million term loan and \$1.0 billion of senior unsecured notes in order to fund the Cavium acquisition. In addition, we executed a debt agreement in June 2018 to obtain a \$500 million Revolving Credit Facility, which was undrawn as of August 3, 2019. See "Note 8 - Debt" for further information.

We believe that our existing cash, cash equivalents and short-term investments, together with cash generated from operations, and funds from our Revolving Credit Facility will be sufficient to cover our working capital needs, capital expenditures, investment requirements and any declared dividends, repurchase of our common stock and commitments for at least the next twelve months. Our capital requirements will depend on many factors, including our rate of sales growth, market acceptance of our products, costs of securing access to adequate manufacturing capacity, the timing and extent of research and development projects and increases in operating expenses, which are all subject to uncertainty.

To the extent that our existing cash, cash equivalents and short-term investments together with cash generated by operations, and funds available under our Revolving Credit Facility are insufficient to fund our future activities, we may need to raise additional funds through public or private debt or equity financing. We may also acquire additional businesses, purchase assets or enter into other strategic arrangements in the future, which could also require us to seek debt or equity financing. Additional equity financing or convertible debt financing may be dilutive to our current shareholders. If we elect to raise additional funds, we may not be able to obtain such funds on a timely basis or on acceptable terms, if at all. In addition, the equity or debt securities that we issue may have rights, preferences or privileges senior to our common shares.

Future payment of a regular quarterly cash dividend on our common shares and our planned repurchases of common stock will be subject to, among other things, the best interests of the Company and our shareholders, our results of operations, cash balances and future cash requirements, financial condition, statutory requirements under Bermuda law, market conditions and other factors that our board of directors may deem relevant. Our dividend payments and repurchases of common stock may change from time to time, and we cannot provide assurance that we will continue to declare dividends or repurchase shares at all or in any particular amounts.

Cash Flows from Operating Activities

Net cash flow provided by operating activities for the six months ended August 3, 2019 was \$239.0 million. We had a net loss of \$105.8 million adjusted for the following non-cash items: amortization of acquired intangible assets of \$160.7 million, share-based compensation expense of \$122.3 million, depreciation and amortization of \$86.2 million, restructuring related non cash charges of \$10.1 million, amortization of deferred debt issuance costs and debt discounts of \$2.9 million, deferred income tax expense of \$2.4 million, and \$2.0 million net loss from other non-cash items. Cash outflow from working capital of \$41.8 million for the six months ended August 3, 2019 was primarily driven by a decrease in accrued liabilities and other non-current liabilities and accrued employee compensation, partially offset by a decrease in accounts receivable and an increase in accounts payable. The decrease in accrued liabilities and other non-current liabilities is due to decreases in accrued rebates and ship and debit reserve and income tax payable, as well as decreases due to severance payments. The decrease in accrued employee compensation is due to payout of vacation accrual and decrease in accrued salaries due to timing. The decrease in accounts receivable was driven primarily by collection of payments and increase in ship and debit reserve. The increase in accounts payable was mainly due to timing of payments.

Net cash flow provided by operating activities for the six months ended August 4, 2018 was \$190.7 million. We had net income of \$135.4 million, adjusted for the following non-cash items: depreciation and amortization of \$47.1 million, share-based compensation expense of \$83.2 million, amortization of acquired intangible assets of \$25.9 million, amortization of inventory fair value adjustment associated with the acquisition of Cavium of \$22.9 million, amortization of deferred debt issuance costs and debt discounts of \$7.1 million, a non cash gain on deferred income tax of \$21.4 million, and \$5.6 million net loss from other non-cash items. Cash outflow from working capital of \$115.2 million for the six months ended August 4, 2018 was primarily driven by an increase in accounts receivable and a decrease in accrued compensation. The increase in accounts receivable was driven primarily by an increase in sales. The decrease in accrued compensation was mainly driven by a decrease in our bonus accrual due to our annual bonus payout.

Cash Flows from Investing Activities

For the six months ended August 3, 2019, net cash used in investing activities of \$44.1 million was primarily driven by purchases of property and equipment of \$42.2 million and purchases of technology licenses of \$1.5 million.

For the six months ended August 4, 2018, net cash used in investing activities of \$1.8 billion was primarily driven by net cash paid to acquire Cavium of \$2.6 billion, offset by net proceeds for sales and maturities of available-for-sale securities and time deposits of \$961.9 million.

Cash Flows from Financing Activities

For the six months ended August 3, 2019, net cash used in financing activities of \$203.8 million was primarily attributable to \$79.4 million for payment of our quarterly dividends, \$64.3 million for repurchases of our common stock, \$61.6 million tax withholding payments on behalf of employees for net share settlements, \$50.0 million repayment of debt principal, and \$28.3 million payments for technology license obligations. These outflows were partially offset by proceeds of \$81.3 million from employee stock plans.

For the six months ended August 4, 2018, net cash provided by financing activities of \$1.2 billion was primarily attributable to \$1.9 billion proceeds from issuance of debt and \$44.6 million proceeds from employee stock plans, slightly offset by \$606.1 million repayment of Cavium historical debt and \$69.2 million for payment of our quarterly dividends.

Contractual Obligations and Commitments

We presented our contractual obligations at February 2, 2019 in our Annual Report on Form 10-K for the fiscal year then ended. There have been no material changes outside the ordinary course of business in those obligations during the three months ended August 3, 2019.

Indemnification Obligations

See “Note 10 – Commitments and Contingencies” in the Notes to the Unaudited Condensed Consolidated Financial Statements set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Interest Rate Risk. With our outstanding debt following our acquisition of Cavium, we are exposed to various forms of market risk, including the potential losses arising from adverse changes in interest rates on our outstanding Term Loan. See “Note 8 - Debt” for further information. A hypothetical increase or decrease in the interest rate by 1% would result in an increase or decrease in annual interest expense by approximately \$7.1 million.

We maintain an investment policy that requires minimum credit ratings, diversification of credit risk and limits the long-term interest rate risk by requiring effective maturities of generally less than five years. We invest our excess cash in highly liquid and highly rated debt instruments of the U.S. government and its agencies, money market mutual funds, asset backed securities, corporate debt securities and municipal debt securities that are classified as available-for-sale and time deposits. These investments are recorded on our consolidated balance sheets at fair market value with their related unrealized gain or loss reflected as a component of accumulated other comprehensive income (loss) in the consolidated statements of shareholders' equity. Investments in both fixed rate and floating rate interest earning securities carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than predicted if interest rates fall. There were no investments on hand at August 3, 2019, aside from cash and cash equivalents.

Foreign Currency Exchange Risk. All of our sales and the majority of our expenses are denominated in U.S. dollars. Since we operate in many countries, a percentage of our international operational expenses are denominated in foreign currencies and exchange volatility could positively or negatively impact those operating costs. Increases in the value of the U.S. dollar relative to other currencies could make our products more expensive, which could negatively impact our ability to compete. Conversely, decreases in the value of the U.S. dollar relative to other currencies could result in our suppliers raising their prices to continue doing business with us. Additionally, we may hold certain assets and liabilities, including potential tax liabilities, in local currency on our consolidated balance sheet. These tax liabilities would be settled in local currency. Therefore, foreign exchange gains and losses from remeasuring the tax liabilities are recorded to interest and other income, net. We do not believe that foreign exchange volatility has a material impact on our current business or results of operations. However, fluctuations in currency exchange rates could have a greater effect on our business or results of operations in the future to the extent our expenses increasingly become denominated in foreign currencies.

We may enter into foreign currency forward and option contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. However, we may choose not to hedge certain foreign exchange exposures for a variety of reasons, including, but not limited to, accounting considerations and the prohibitive economic cost of hedging particular exposures.

To provide an assessment of the foreign currency exchange risk associated with our foreign currency exposures within operating expense, we performed a sensitivity analysis to determine the impact that an adverse change in exchange rates would have on our financial statements. If the U.S. dollar weakened by 10%, our operating expense could increase by approximately 2%.

Item 4. *Controls and Procedures*

Management's Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Our disclosure controls and procedures are designed to ensure that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and our principal financial officer concluded that, as of August 3, 2019, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended August 3, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitation on Effectiveness of Controls

Our management, including our principal executive officer and our principal financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information under the caption “Contingencies” as set forth in “Note 10 – Commitments and Contingencies” of our Notes to Unaudited Condensed Consolidated Financial Statements, included in Part I, Item 1, is incorporated herein by reference. For additional discussion of certain risks associated with legal proceedings, see Part II, Item 1A, “Risk Factors,” immediately below.

Item 1A. Risk Factors

Investing in our common shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below and all information contained in this report before you decide to purchase our common shares. Many of these risks and uncertainties are beyond our control, including business cycles and seasonal trends of the computing, infrastructure, semiconductor and related industries and end markets. If any of the possible adverse events described below actually occurs, we may be unable to conduct our business as currently planned and our financial condition and operating results could be harmed. In addition, the trading price of our common shares could decline due to the occurrence of any of these risks, and you could lose all or part of your investment.

Factors That May Affect Our Future Results

Our financial condition and results of operations may vary from quarter to quarter, which may cause the price of our common shares to decline.

Our quarterly results of operations have fluctuated in the past and could do so in the future. Because our results of operations are difficult to predict, you should not rely on quarterly comparisons of our results of operations as an indication of our future performance.

Fluctuations in our results of operations may be due to a number of factors, including, but not limited to, those listed below and those identified throughout this “Risk Factors” section:

- our ability to realize anticipated synergies in connection with our acquisitions and the loss of synergies in connection with our divestitures;
- changes in general economic conditions, such as the impact of Brexit on the economy in the E.U., political conditions, such as the recent tariffs and trade bans, and specific conditions in the end markets we address, including the continuing volatility in the technology sector and semiconductor industry;
- the effects of any acquisitions, divestitures or significant investments;
- the highly competitive nature of the end markets we serve, particularly within the semiconductor and infrastructure industries;
- our dependence on a few customers for a significant portion of our revenue;
- our ability to maintain a competitive cost structure for our manufacturing and assembly and test processes and our reliance on third parties to produce our products;
- any current and future litigation that could result in substantial costs and a diversion of management’s attention and resources that are needed to successfully maintain and grow our business;
- cancellations, rescheduling or deferrals of significant customer orders or shipments, as well as the ability of our customers to manage inventory;
- gain or loss of a design win or key customer;
- seasonality or volatility related to sales into the infrastructure market;
- failure to qualify our products or our suppliers’ manufacturing lines;
- our ability to develop and introduce new and enhanced products in a timely and effective manner, as well as our ability to anticipate and adapt to changes in technology;
- failure to protect our intellectual property;
- impact of a significant natural disaster, including earthquakes, floods and tsunamis, particularly in certain regions in which we operate or own buildings, such as Santa Clara, California, and where our third party suppliers operate, such as Taiwan and elsewhere in the Pacific Rim;
- our ability to attract, retain and motivate a highly skilled workforce, especially managerial, engineering, sales and marketing personnel;
- severe financial hardship or bankruptcy of one or more of our major customers; and
- failure of our customers to agree to pay for NRE (non-recurring engineering) costs or failure to pay enough to cover the costs we incur in connection with NREs.

Due to fluctuations in our quarterly results of operations and other factors, the price at which our common shares will trade is likely to continue to be highly volatile. Accordingly, you may not be able to resell your common shares at or above the price you paid. In future periods, our stock price could decline if, amongst other factors, our revenue or operating results are below our estimates or the estimates or expectations of securities analysts and investors. Our stock is traded on the Nasdaq stock exchange under the ticker symbol "MRVL". As a result of stock price volatility, we may be subject to securities class action litigation. Any litigation could result in substantial costs and a diversion of management's attention and resources that are needed to successfully maintain and grow our business.

Any potential future acquisitions, strategic investments, divestitures, mergers or joint ventures may subject us to significant risks, any of which could harm our business.

Our long-term strategy may include identifying and acquiring, investing in or merging with suitable candidates on acceptable terms, or divesting of certain business lines or activities. In particular, over time, we may acquire, make investments in, or merge with providers of product offerings that complement our business or may terminate such activities.

We have recently entered into a number of transaction agreements, including (i) a definitive merger agreement dated May 6, 2019 under which we agreed to acquire all outstanding shares of Aquantia Corp. common stock for \$13.25 per share in cash, (ii) a definitive agreement dated May 20, 2019 to purchase Avera Semiconductor, the Application Specific Integrated Circuit (ASIC) business of GlobalFoundries ("Avera") for \$650 million in cash at closing plus an additional \$90 million in cash if certain business conditions are satisfied within the next 15 months, and (iii) an asset purchase agreement with NXP USA, Inc. dated May 29, 2019 pursuant to which we agreed to sell to NXP certain assets related to our wireless business for \$1.76 billion in cash at closing. Each of these transactions is subject to customary closing conditions, including regulatory approvals.

Mergers, acquisitions and divestitures include a number of risks and present financial, managerial and operational challenges, including but not limited to:

- diversion of management attention from running our existing business;
- increased expenses, including, but not limited to, legal, administrative and compensation expenses related to newly hired or terminated employees;
- key personnel of an acquired company may decide not to work for us;
- increased costs to integrate or, in the case of a divestiture, separate the technology, personnel, customer base and business practices of the acquired or divested business or assets;
- assuming the legal obligations of the acquired company, including potential exposure to material liabilities not discovered in the due diligence process or assuming indemnity obligations in connection with divestitures;
- ineffective or inadequate control, procedures and policies at the acquired company may negatively impact our results of operations;
- potential adverse effects on reported operating results due to possible write-down of goodwill and other intangible assets associated with acquisitions;
- burdensome conditions required to obtain regulatory approvals;
- potential damage to relationships with customers, suppliers, partners or employees;
- loss of synergies, in the case of divestitures;
- reduction of potential benefits of a transaction in the event of a long delay between signing and closing;
- reduction of our cash in the case of acquisitions for which we are paying cash consideration and share dilution if we are using our shares as consideration; and
- unavailability of acquisition financing on reasonable terms or at all.

Any acquired business, technology, service or product could significantly under-perform relative to our expectations and may not achieve the benefits we expect from possible acquisitions. Given that our resources are limited, our decision to pursue a transaction has opportunity costs; accordingly, if we pursue a particular transaction, we may need to forgo the prospect of entering into other transactions that could help us achieve our strategic objectives.

When we decide to sell assets or a business, we may have difficulty selling on acceptable terms in a timely manner or at all. These circumstances could delay the achievement of our strategic objectives or cause us to incur additional expense, or we may sell a business at a price or on terms that are less favorable than we had anticipated, resulting in a loss on the transaction.

If we do enter into agreements with respect to acquisitions, divestitures, or other transactions, we may fail to complete them due to factors such as:

- failure to obtain regulatory or other approvals;
- disputes or litigation; or
- difficulties obtaining financing for the transaction.

If we fail to complete a transaction, we may nonetheless have incurred significant expenses in connection with such transaction. Failure to complete a pending transaction may result in negative publicity and a negative perception of us in the investment community. For all these reasons, our pursuit of an acquisition, investment, divestiture, merger or joint venture could cause our actual results to differ materially from those anticipated.

Our proposed acquisitions of Aquantia and Avera involve a number of risks, including, among others, those associated with our use of a significant portion of our cash or our taking on significant indebtedness and other financial risks and integration risks.

We used a significant portion of our cash and incurred substantial indebtedness in connection with the financing of our acquisition of Cavium (the “Cavium acquisition”). We expect to use additional cash in the acquisitions of Aquantia and Avera (the “Other Acquisitions”). In the event that we don't close our divestiture with NXP prior to these transactions or at all, then we may incur substantial indebtedness in connection with the Other Acquisitions. Our use of cash in the Cavium acquisition and proposed use of cash in the Other Acquisitions would reduce our liquidity and may (i) limit our flexibility in responding to other business opportunities and (ii) increase our vulnerability to adverse economic and industry conditions.

The benefits we expect to realize from the Other Acquisitions will depend, in part, on our ability to integrate the businesses successfully and efficiently. See also the Risk Factor entitled “*Any potential future acquisitions, strategic investments, divestitures, mergers or joint ventures may subject us to significant risks, any of which could harm our business.*” If we are unable to successfully integrate the businesses of the Other Acquisitions with that of the Company, the combined company's business, results of operations, financial condition or cash flows could be harmed. The challenges in integrating the operations of the companies include, among others:

- difficulties in fully achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining the businesses;
- difficulties entering new markets or manufacturing in new geographies where we have no or limited direct prior experience;
- difficulties in the integration of operations and systems;
- difficulties in the assimilation or retention of employees; and
- difficulties in managing the expanded operations of a significantly larger and more complex company.

To the extent we are attempting to integrate multiple businesses such as the Other Acquisitions and to separate technology in connection with the NXP divestiture at the same time, we may not be able to do so as efficiently or effectively as we would prefer.

In connection with the integration of the Avera acquisition we may be required to obtain a U.S. government security clearance before we can market and sell our products to certain customers. Obtaining the clearance is a complex, costly, and time-consuming process. Delays in obtaining the clearance may harm our financial condition and could result in us receiving less revenue in connection with this transaction than we anticipate.

Any of the above could harm the combined company and thus decrease the benefits we expect to receive from the acquisitions.

Adverse changes in the political and economic policies of the U.S. government in connection with trade with China could reduce the demand for our products and damage our business.

If regulatory activity, such as enforcement of U.S. export control and sanctions laws, or the imposition of new tariffs, were to materially limit our ability to make sales to any of our significant customers in China, it could harm our results of operations, reputation and financial condition. For example, the recent US government export restrictions on a Chinese customer, Huawei Technologies Co. Ltd., has dampened demand for our products, adding to the already challenging macroeconomic environment. This export restriction was implemented in the second week of our second quarter of fiscal year 2020, limiting revenue from that customer to shipments during a short period during the quarter. In addition, there may be indirect impacts to our business which we cannot easily quantify such as the fact that some of our other customer's products which use our solutions, such as hard disk drives, may also be impacted by this export restriction. If this export restriction is sustained for a long period of time, or if other export restrictions were to be imposed as a result of current trade tensions such as restrictions on trade with Mexico or other countries, it could have an adverse impact on our revenues and results of operations.

We typically sell products to customers in China pursuant to purchase orders rather than long term purchase commitments. Customers in China can generally cancel or defer purchase orders on short notice without incurring a penalty and, therefore, they may be more likely to do so while the tariffs and trade bans are in effect. See also, *"We are subject to order and shipment uncertainties. If we are unable to accurately predict customer demand, we may hold excess or obsolete inventory, which would reduce our gross margin. Conversely, we may have insufficient inventory, which would result in lost revenue opportunities and potential loss of market share as well as damaged customer relationships."* In addition, customers in China that may be subject to trade bans or tariffs, may develop their own products or solutions instead of purchasing from us or they may acquire products or solutions from our competitors or other third-party sources that are not be subject to the U.S. tariffs and trade restrictions.

Changes to U.S. or foreign tax, trade policy, tariff and import/export regulations may have a material adverse effect on our business, financial condition and results of operations.

Changes in U.S. or foreign international tax, social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories or countries where we currently sell our products or conduct our business could adversely affect our business. The U.S. presidential administration has instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the U.S., economic sanctions on individuals, corporations or countries, and other government regulations affecting trade between the U.S. and other countries where we conduct our business. The new tariffs and other changes in U.S. trade policy could trigger retaliatory actions by affected countries, and certain foreign governments have instituted or are considering imposing trade sanctions on certain U.S. goods. The U.S. presidential administration has indicated a focus on policy reforms that discourage corporations from outsourcing manufacturing and production activities to foreign jurisdictions, including through tariffs or penalties on goods manufactured outside the U.S., which may require us to change the way we conduct business. These changes in U.S. and foreign laws and policies have the potential to adversely impact the U.S. economy or certain sectors thereof, our industry and the global demand for our products, and as a result, could have a material adverse effect on our business, financial condition and results of operations.

Uncertainty surrounding the effect of Brexit, including changes to the legal and regulatory framework that apply to the United Kingdom and its relationship with the European Union, as well as new and proposed changes relating to Brexit affecting tax laws and trade policy in the U.S. and elsewhere may adversely impact our operations.

The trade dispute between Japan and South Korea, including changes to the legal and regulatory framework that applies to exports of certain chemicals from Japan to South Korea that are used in the production of semiconductors may impact the global supply chain for semiconductors and therefore may adversely impact our operations.

Changes in international tax laws such as the new tax in France impacting certain digital companies may adversely impact the business of the Company and our customers, or it may adversely impact international trade between the U.S. and France. See also, *"Changes in existing taxation benefits, rules, or practices may adversely affect our financial results."*

Our sales are concentrated in a few large customers. If we lose or experience a significant reduction in sales to any of these key customers, if any of these key customers experience a significant decline in market share, or if any of these customers experience significant financial difficulties, our revenue may decrease substantially and our results of operations and financial condition may be harmed.

We receive a significant amount of our revenue from a limited number of customers. Net revenue from our two largest customers represented 20% and 28% of our net revenue for the three months ended August 3, 2019 and August 4, 2018, respectively. Sales to our largest customers have fluctuated significantly from period to period and year to year and will likely continue to fluctuate in the future, primarily due to the timing and number of design wins with each customer, the continued diversification of our customer base as we expand into new markets, and natural disasters or other issues that may divert a customer's operations. The loss of any of our large customers or a significant reduction in sales we make to them would likely harm our financial condition and results of operations. To the extent one or more of our large customers experience significant financial difficulty, bankruptcy or insolvency, this could have a material adverse effect on our sales and our ability to collect on receivables, which could harm our financial condition and results of operations.

If we are unable to increase the number of large customers in key markets, then our operating results in the foreseeable future will continue to depend on sales to a relatively small number of customers, as well as the ability of these customers to sell products that incorporate our products. In the future, these customers may decide not to purchase our products at all, purchase fewer products than they did in the past, or alter their purchasing patterns in some other way, particularly because:

- a significant portion of our sales are made on a purchase order basis, which allows our customers to cancel, change or delay product purchase commitments with relatively short notice to us;
- customers may purchase integrated circuits from our competitors;
- customers may discontinue sales or lose market share in the markets for which they purchase our products;
- customers, particularly in jurisdictions such as China that may be subject to trade bans or tariffs, may develop their own solutions or acquire fully developed solutions from third-parties;
- customers may be subject to severe business disruptions, including, but not limited to, those driven by financial instability; or
- customers may consolidate (for example, Western Digital acquired SanDisk in 2017, and Toshiba Corporation sold control of a portion of its semiconductor business in 2018), which could lead to changing demand for our products, replacement of our products by the merged entity with those of our competitors and cancellation of orders.

We operate in intensely competitive markets. Our failure to compete effectively would harm our results of operations.

The semiconductor industry, and specifically the storage, networking and infrastructure markets, is extremely competitive. We currently compete with a number of large domestic and international companies in the business of designing integrated circuits and related applications, some of which have greater financial, technical and management resources than us. Our efforts to introduce new products into markets with entrenched competitors will expose us to additional competitive pressures. For example, we are facing, and expect we will continue to face, significant competition in the infrastructure, networking and SSD storage markets. Additionally, customer expectations and requirements have been evolving rapidly. For example, customers now expect us to provide turnkey solutions and commit to future roadmaps that have technical risks.

Some of our competitors may be better situated to meet changing customer needs and secure design wins. Increasing competition in the markets in which we operate may negatively impact our revenue and gross margins. For example, competitors with greater financial resources may be able to offer lower prices than us, or they may offer additional products, services or other incentives that we may not be able to match.

We also may experience discriminatory or anti-competitive practices by our competitors that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business. In addition, some of these competitors may use their market power to dissuade our customers from purchasing from us. For example, certain U.S. and E.U. regulators are currently investigating whether a competitor may have abused its dominant market position to harm competition by forcing customers to deal with it exclusively, bundling its various semiconductors with other products, or by distorting the market by using illegal rebates.

In addition, many of our competitors operate and maintain their own fabrication facilities and have longer operating histories, greater name recognition, larger customer bases, and greater sales, marketing and distribution resources than we do.

In addition, the semiconductor industry has experienced increased consolidation over the past several years. For example, Microchip Technology acquired Microsemi in May 2018 and ON Semiconductor purchased Quantenna Communications, Inc. in June 2019, NVIDIA Corporation entered into an agreement to purchase Mellanox Technologies on March 11, 2019 and Infineon entered into an agreement to purchase Cypress Semiconductors in June 2019. Consolidation among our competitors could lead to a changing competitive landscape, capabilities and market share, which could put us at a competitive disadvantage and harm our results of operations.

We may experience increased actual and opportunity costs as a result of our transition to smaller geometry process technologies.

In order to remain competitive, we have transitioned, and expect to continue to transition, our semiconductor products to increasingly smaller line width geometries. We periodically evaluate the benefits, on a product-by-product basis, of migrating to smaller geometry process technologies. We also evaluate the costs of migrating to smaller geometry process technologies including both actual costs and the opportunity costs related to the technologies we choose to forego. These transitions have required us to modify the manufacturing processes and to redesign some products, which has resulted in significant initial design and development costs.

We have been, and may continue to be, dependent on our relationships with our foundry subcontractors to transition to smaller geometry processes successfully. We cannot ensure that the foundries we use will be able to effectively manage any future transitions. If we or any of our foundry subcontractors experience significant delays in a future transition or fail to efficiently implement a transition, we could experience reduced manufacturing yields, delays in product deliveries and increased expenses, all of which could harm our relationships with our customers and our results of operations.

As smaller geometry processes become more prevalent, we expect to continue to integrate greater levels of functionality, as well as customer and third-party intellectual property, into our products. However, we may not be able to achieve higher levels of design integration or deliver new integrated products on a timely basis, if at all. Moreover, even if we are able to achieve higher levels of design integration, such integration may have a short-term adverse impact on our results of operations, as we may reduce our revenue by integrating the functionality of multiple chips into a single chip.

We rely on our customers to design our products into their systems, and the nature of the design process requires us to incur expenses prior to customer commitments to use our products or recognizing revenues associated with those expenses which may adversely affect our financial results.

One of our primary focuses is on winning competitive bid selection processes, known as “design wins,” to develop products for use in our customers’ products. We devote significant time and resources in working with our customers’ system designers to understand their future needs and to provide products that we believe will meet those needs and these bid selection processes can be lengthy. If a customer’s system designer initially chooses a competitor’s product, it becomes significantly more difficult for us to sell our products for use in that system because changing suppliers can involve significant cost, time, effort and risk for our customers. Thus, our failure to win a competitive bid can result in our foregoing revenues from a given customer’s product line for the life of that product. In addition, design opportunities may be infrequent or may be delayed. Our ability to compete in the future will depend, in large part, on our ability to design products to ensure compliance with our customers’ and potential customers’ specifications. We expect to invest significant time and resources and to incur significant expenses to design our products to ensure compliance with relevant specifications.

We often incur significant expenditures in the development of a new product without any assurance that our customers’ system designers will select our product for use in their applications. We often are required to anticipate which product designs will generate demand in advance of our customers expressly indicating a need for that particular design. Even if our customers’ system designers select our products, a substantial period of time will elapse before we generate revenues related to the significant expenses we have incurred.

The reasons for this delay generally include the following elements of our product sales and development cycle timeline and related influences:

- our customers usually require a comprehensive technical evaluation of our products before they incorporate them into their designs.
- it can take from six months to three years from the time our products are selected to commence commercial shipments; and
- our customers may experience changed market conditions or product development issues. The resources devoted to product development and sales and marketing may not generate material revenue for us, and from time to time, we may need to write off excess and obsolete inventory if we have produced product in anticipation of expected demand. We may spend resources on the development of products that our customers may not adopt. If we incur significant expenses and investments in inventory in the future that we are not able to recover, and we are not able to compensate for those expenses, our operating results could be adversely affected. In addition, if we sell our products at reduced prices in anticipation of cost reductions but still hold higher cost products in inventory, our operating results would be harmed.

Additionally, even if system designers use our products in their systems, we cannot assure you that these systems will be commercially successful or that we will receive significant revenue from the sales of our products for those systems. As a result, we may be unable to accurately forecast the volume and timing of our orders and revenues associated with any new product introductions.

Unfavorable or uncertain conditions in the 5G infrastructure market may cause fluctuations in our rate of revenue growth or financial results.

Markets for 5G infrastructure may not develop in the manner or in the time periods we anticipate. If domestic and global economic conditions worsen, overall spending on 5G infrastructure may be reduced, which would adversely impact demand for our products in these markets. In addition, unfavorable developments with evolving laws and regulations worldwide related to 5G may limit global adoption, impede our strategy, and negatively impact our long-term expectations in this area. Even if the 5G infrastructure market develops in the manner or in the time periods we anticipate, if we do not have timely, competitively priced, market-accepted products available to meet our customers' planned roll-out of 5G wireless communications systems, we may miss a significant opportunity and our business, financial condition, results of operations and cash flows could be materially and adversely affected. See also, *"Our sales are concentrated in a few large customers. If we lose or experience a significant reduction in sales to any of these key customers, if any of these key customers experience a significant decline in market share, or if any of these customers experience significant financial difficulties, our revenue may decrease substantially and our results of operations and financial condition may be harmed."* for additional risks related to export restrictions that may impact a customer in the 5G infrastructure market.

A significant portion of our revenue comes from the storage industry, which experiences rapid technological change, is subject to industry consolidation, is facing increased competition from alternative technologies and is highly cyclical.

We depend on a few customers for our SSD controllers and as such, the loss of any SSD controller customer or a significant reduction in sales we make to them may harm our financial condition and results of operations. SSD customers have, and may in the future develop their own controllers, which could pose a challenge to our market share in the SSD space and adversely affect our revenues in the storage business.

Furthermore, future changes in the nature of information storage products and personal computing devices could reduce demand for traditional HDDs. For example, products using alternative technologies, such as SSD and other storage technologies are a source of competition to manufacturers of HDDs. Although we offer SSD controllers, leveraging our technology in hard drives, we cannot ensure that our overall business will not be adversely affected if demand for traditional HDDs decreases.

Manufacturers tend to order more components than they may need during growth periods, and sharply reduce orders for components during periods of contraction. Rapid technological changes in the industry often result in shifts in market share among the industry's participants. If the HDD and SSD manufacturers using our products do not retain or increase their market share, our sales may decrease.

In addition, the storage industry has experienced significant consolidation. Consolidation among our customers will lead to changing demand for our products, replacement of our products by the merged entity with those of our competitors and cancellation of orders, each of which could harm our results of operations. If we are unable to leverage our technology and customer relationships, we may not capitalize on the increased opportunities for our products within the combined company.

This industry has historically been cyclical, with periods of increased demand and rapid growth followed by periods of oversupply and subsequent contraction. These cycles may affect us because some of our largest customers participate in this industry.

As a result, the average selling price of each of our products usually declines as individual products mature and competitors enter the market.

If we are unable to develop and introduce new and enhanced products that achieve market acceptance in a timely and cost-effective manner, our results of operations and competitive position will be harmed.

Our future success will depend on our ability to develop and introduce new products and enhancements to our existing products that address customer requirements, in a timely and cost-effective manner and are competitive as to a variety of factors. For example, for our products addressing the 5G market, we must successfully identify customer requirements and design, develop and produce products on time that compete effectively as to price, functionality and performance. We sell products in markets that are characterized by rapid technological change, evolving industry standards, frequent new product introductions, and increasing demand for higher levels of integration and smaller process geometries. In addition, the development of new silicon devices is highly complex and, due to supply chain cross-dependencies and other issues, we may experience delays in completing the development, production and introduction of our new products. See also, “*We may be unable to protect our intellectual property, which would negatively affect our ability to compete.*”

Our ability to adapt to changes and to anticipate future standards, and the rate of adoption and acceptance of those standards, will be a significant factor in maintaining or improving our competitive position and prospects for growth. We may also have to incur substantial unanticipated costs to comply with these new standards. Our success will also depend on the ability of our customers to develop new products and enhance existing products for the markets they serve and to introduce and promote those products successfully and in a timely manner. Even if we and our customers introduce new and enhanced products to the market, those products may not achieve market acceptance.

Changes in existing taxation benefits, rules or practices may adversely affect our financial results.

Changes in existing taxation benefits, rules or practices may also have a significant effect on our reported results. Both the U.S. Congress and the G-20 (Group of Twenty Finance Ministers and Central Bank Governors) may consider legislation affecting the taxation of foreign corporations and such legislation if enacted might adversely affect our future tax liabilities and have a material impact on our results of operations. For example, the Tax Cuts and Jobs Act (“2017 Tax Act”) was signed into law on December 22, 2017. The 2017 Tax Act significantly revises the U.S. corporate income tax by, among other things, lowering the statutory corporate tax rate from 35% to 21%, eliminating certain deductions, imposing a mandatory one-time tax on accumulated earnings of foreign subsidiaries, introducing new tax regimes, and changing how foreign earnings are subject to U.S. tax. Please see “Provision for Income Taxes” set forth in Part II, Item 7 of this Annual Report on Form 10-K for more information on the impact of the 2017 Tax Act on the Company.

In addition, in prior years, we have entered into agreements in certain foreign jurisdictions that if certain criteria are met, the foreign jurisdiction will provide a more favorable tax rate than their current statutory rate. For example, we have obtained an undertaking from the Minister of Finance of Bermuda that in the event Bermuda enacts legislation imposing tax computed on profits, income, or capital asset, gain or appreciation, then the imposition of any such taxes will not apply to us until March 31, 2035. Additionally, our Singapore subsidiary qualifies the Development and Expansion Incentive until June 2024. Furthermore, under the Israeli Encouragement law of “approved or benefited enterprise,” our subsidiary in Israel, Marvell Israel (M.I.S.L) Ltd., is entitled to, and has certain existing programs that qualify as, approved and benefited tax programs that include reduced tax rates and exemption of certain income through fiscal 2027. Moreover, receipt of past and future benefits under tax agreements may depend on our ability to fulfill commitments regarding employment of personnel or performance of specified activities in the applicable jurisdiction. Changes in our business plans, including divestitures, could result in termination of an agreement or loss of benefits thereunder. If any of our tax agreements in any of these foreign jurisdictions were terminated, our results of operations would be harmed.

The Organization for Economic Cooperation and Development has been working on a Base Erosion and Profit Sharing Project, and issued in 2015, and is expected to continue to issue, guidelines and proposals that may change various aspects of the existing framework under which our tax obligations are determined in some of the countries in which we do business. We can provide no assurance that changes in tax laws and additional investigations as a result of this project would not have an adverse tax impact on our international operations. In addition, the European Union (“EU”) has initiated its own measures along similar lines. In December 2017, the EU identified certain jurisdictions (including Bermuda and Cayman Islands) which it considered had a tax system that facilitated offshore structuring by attracting profits without commensurate economic activity. In order to avoid EU “blacklisting”, both Bermuda and Cayman Islands introduced new legislation in December 2018, which came into force on January 1, 2019. These new laws require Bermuda and Cayman companies carrying on one or more “relevant activity” (including: banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service center, intellectual property or holding company) to maintain a substantial economic presence in Bermuda in order to comply with the economic substance requirements. There is no experience yet as to how the Bermuda and Cayman Islands authorities will interpret and enforce these new rules. To the extent that we are required to maintain more of a presence in Bermuda or the Cayman Islands, such requirements will increase our costs either directly in those locations or indirectly as a result of increased costs related to moving our operations to other jurisdictions. If the Company transfers its domicile or a significant portion of its assets from Bermuda to another jurisdiction, the Company's taxes will increase and its earnings after taxes will decrease.

Our gross margin and results of operations may be adversely affected in the future by a number of factors, including decreases in average selling prices of products over time and shifts in our product mix.

The products we develop and sell are primarily used for high-volume applications. As a result, the prices of those products have historically decreased rapidly. In addition, our more recently introduced products tend to have higher associated costs because of initial overall development and production expenses. Therefore, over time, we may not be able to maintain or improve our gross margins. Our financial results could suffer if we are unable to offset any reductions in our average selling prices by other cost reductions through efficiencies, introduction of higher margin products and other means.

To attract new customers or retain existing customers, we may offer certain price concessions to certain customers, which could cause our average selling prices and gross margins to decline. In the past, we have reduced the average selling prices of our products in anticipation of future competitive pricing pressures, new product introductions by us or by our competitors and other factors. We expect that we will continue to have to reduce prices of existing products in the future. Moreover, because of the wide price differences across the markets we serve, the mix and types of performance capabilities of our products sold may affect the average selling prices of our products and have a substantial impact on our revenue and gross margin. We may enter new markets in which a significant amount of competition exists, and this may require us to sell our products with lower gross margins than we earn in our established businesses. If we are successful in growing revenue in these markets, our overall gross margin may decline. Fluctuations in the mix and types of our products may also affect the extent to which we are able to recover the fixed costs and investments associated with a particular product, and as a result may harm our financial results.

Additionally, because we do not operate our own manufacturing, assembly or testing facilities, we may not be able to reduce our costs as rapidly as companies that operate their own facilities and our costs may even increase, which could also reduce our gross margins.

Entry into new markets, such as markets with different business models, as a result of our acquisitions may reduce our gross margin and operating margin. For example, the Avera business uses an ASIC model to offer end-to-end solutions for IP, design team, Fab & packaging to deliver a tested, yielded product to customers. This business model tends to have a lower gross margin. In addition, the costs related to this type of business model typically include significant NRE (non-recurring engineering) costs that customers pay based on the completion of milestones. Our operating margin may decline if our customers do not agree to pay for NREs or if they do not pay enough to cover the costs we incur in connection with NREs. In addition, our operating margin may decline if we are unable to sell products in sufficient volumes to cover the development costs that we have incurred.

We rely on independent foundries and subcontractors for the manufacture, assembly and testing of our integrated circuit products, and the failure of any of these third-party vendors to deliver products or otherwise perform as requested could damage our relationships with our customers, decrease our sales and limit our ability to grow our business.

We do not have our own manufacturing or assembly facilities and have very limited in-house testing facilities. Therefore, we currently rely on several third-party foundries to produce our integrated circuit products. We also currently rely on several third-party assembly and test subcontractors to assemble, package and test our products. This exposes us to a variety of risks, including the following:

Regional Concentration

Substantially all of our products are manufactured by third-party foundries located in Taiwan, and other sources are located in China, Germany, South Korea, Singapore and the United States. In addition, substantially all of our third-party assembly and testing facilities are located in China, Malaysia, Singapore and Taiwan. Because of the geographic concentration of these third-party foundries, as well as our assembly and test subcontractors, we are exposed to the risk that their operations may be disrupted by regional disasters including, for example, earthquakes (particularly in Taiwan and elsewhere in the Pacific Rim close to fault lines), tsunamis or typhoons, or by political, social or economic instability. In the case of such an event, our revenue, cost of goods sold and results of operations would be negatively impacted. In addition, there are limited numbers of alternative foundries and identifying and implementing alternative manufacturing facilities would be time consuming. As a result, if we needed to implement alternate manufacturing facilities, we could experience significant expenses and delays in product shipments, which could harm our results of operations.

No Guarantee of Capacity or Supply

The ability of each foundry to provide us with semiconductor devices is limited by its available capacity and existing obligations. When demand is strong, availability of foundry capacity may be constrained or not available, and with limited exceptions, our vendors are not obligated to perform services or supply products to us for any specific period, in any specific quantities, or at any specific price, except as may be provided in a particular purchase order. We place our orders on the basis of our customers' purchase orders or our forecast of customer demand, and the foundries can allocate capacity to the production of other companies' products and reduce deliveries to us on short notice. It is possible that foundry customers that are larger and better financed than we are or that have long-term agreements with our main foundries may induce our foundries to reallocate capacity to those customers. This reallocation could impair our ability to secure the supply of components that we need. In particular, as we and others in our industry transition to smaller geometries, our manufacturing partners may be supply constrained or may charge premiums for these advanced technologies, which may harm our business or results of operations. See also, *"We may experience difficulties in transitioning to smaller geometry process technologies or in achieving higher levels of design integration, which may result in reduced manufacturing yields, delays in product deliveries and increased expenses."* Moreover, if any of our third-party foundry suppliers are unable to secure necessary raw materials from their suppliers, lose benefits under material agreements, experience power outages, lack sufficient capacity to manufacture our products, encounter financial difficulties or suffer any other disruption or reduction in efficiency, we may encounter supply delays or disruptions, which could harm our business or results of operations.

While we attempt to create multiple sources for our products, most of our products are not manufactured at more than one foundry at any given time, and our products typically are designed to be manufactured in a specific process at only one of these foundries. Accordingly, if one of our foundries is unable to provide us with components as needed, it would be difficult for us to transition the manufacture of our products to other foundries, and we could experience significant delays in securing sufficient supplies of those components. This could result in a material decline in our revenue, net income and cash flow.

In order to secure sufficient foundry capacity when demand is high and to mitigate the risks described in the foregoing paragraph, we may enter into various arrangements with suppliers that could be costly and harm our results of operations, such as nonrefundable deposits with or loans to foundries in exchange for capacity commitments, or contracts that commit us to purchase specified quantities of integrated circuits over extended periods. We may not be able to make any such arrangement in a timely fashion or at all, and any arrangements may be costly, reduce our financial flexibility, and not be on terms favorable to us. Moreover, if we are able to secure foundry capacity, we may be obligated to use all of that capacity or incur penalties. These penalties may be expensive and could harm our financial results.

Uncertain Yields and Quality

The fabrication of integrated circuits is a complex and technically demanding process. Our technology is transitioning from planar to FINFET transistors. This transition may result in longer qualification cycles and lower yields. Our foundries have from time to time experienced manufacturing defects and lower manufacturing yields, which are difficult to detect at an early stage of the manufacturing process and may be time consuming and expensive to correct. Changes in manufacturing processes or the inadvertent use of defective or contaminated materials by our foundries could result in lower than anticipated manufacturing yields or unacceptable performance. In addition, we may face lower manufacturing yields and reduced quality in the process of ramping up and diversifying our manufacturing partners. Poor yields from our foundries, or defects, integration issues or other performance problems with our products could cause us significant customer relations and business reputation problems, harm our financial performance and result in financial or other damages to our customers. Our customers could also seek damages in connection with product liability claims, which would likely be time consuming and costly to defend. In addition, defects could result in significant costs. See also, *"Costs related to defective products could have a material adverse effect on us."*

To the extent that we rely on outside suppliers to manufacture or assemble and test our products, we may have a reduced ability to directly control product delivery schedules and quality assurance, which could result in product shortages or quality assurance problems that could delay shipments or increase costs.

Commodity Prices

We are also subject to risk from fluctuating market prices of certain commodity raw materials, including gold and copper, which are incorporated into our end products or used by our suppliers to manufacture our end products. Supplies for such commodities may from time to time become restricted, or general market factors and conditions may affect pricing of such commodities.

Our indemnification obligations and limitations of our director and officer liability insurance may have a material adverse effect on our financial condition, results of operations and cash flows.

Under Bermuda law, our articles of association and bye-laws and certain indemnification agreements to which we are a party, we have an obligation to indemnify, or we have otherwise agreed to indemnify, certain of our current and former directors and officers with respect to past, current and future investigations and litigation. For example, we have incurred significant indemnification expenses in connection with the Audit Committee's independent investigation completed in March 2016 and related shareholder litigation and pending government investigations. In connection with some of these pending matters, we are required to, or we have otherwise agreed to, advance, and have advanced, legal fees and related expenses to certain of our current and former directors and officers and expect to continue to do so while these matters are pending. Further, in the event the directors and officers are ultimately determined not to be entitled to indemnification, we may not be able to recover any amounts we previously advanced to them.

We cannot provide any assurances that future indemnification claims, including the cost of fees, penalties or other expenses, will not exceed the limits of our insurance policies, that such claims are covered by the terms of our insurance policies or that our insurance carrier will be able to cover our claims. Additionally, to the extent there is coverage of these claims, the insurers also may seek to deny or limit coverage in some or all of these matters. Furthermore, the insurers could become insolvent and unable to fulfill their obligation to defend, pay or reimburse us for insured claims. Accordingly, we cannot be sure that claims will not arise that are in excess of the limits of our insurance or that are not covered by the terms of our insurance policy. Due to these coverage limitations, we may incur significant unreimbursed costs to satisfy our indemnification obligations, which may have a material adverse effect on our financial condition, results of operations or cash flows.

Costs related to defective products could have a material adverse effect on us.

From time to time, we have experienced hardware and software defects and bugs associated with the introduction of our highly complex products. Despite our testing procedures, we cannot ensure that errors will not be found in new products or releases after commencement of commercial shipments in the future. Such errors could result in:

- loss of or delay in market acceptance of our products;
- material recall and replacement costs;
- delay in revenue recognition or loss of revenue;
- writing down the inventory of defective products;
- the diversion of the attention of our engineering personnel from product development efforts;
- our having to defend against litigation related to defective products or related property damage or personal injury; and
- damage to our reputation in the industry that could adversely affect our relationships with our customers.

In addition, the process of identifying a recalled product in devices that have been widely distributed may be lengthy and require significant resources. We may have difficulty identifying the end customers of the defective products in the field, which may cause us to incur significant replacement costs, contract damage claims from our customers and further reputational harm. Any of these problems could materially and adversely affect our results of operations.

Despite our best efforts, security vulnerabilities may exist with respect to our products. Mitigation techniques designed to address such security vulnerabilities, including software and firmware updates or other preventative measures, may not operate as intended or effectively resolve such vulnerabilities. Software and firmware updates and/or other mitigation efforts may result in performance issues, system instability, data loss or corruption, unpredictable system behavior, or the theft of data by third parties, any of which could significantly harm our business and reputation. For example, we were made aware of a potential vulnerability (CVE-2019-6496) with regard to our 88W8897 device in fiscal year 2019 and implemented a fix shortly thereafter.

We depend on highly skilled personnel to support our business operations. If we are unable to retain and motivate our current personnel or attract additional qualified personnel, our ability to develop and successfully market our products could be harmed.

We believe our future success will depend in large part upon our ability to attract and retain highly skilled managerial, engineering, sales and marketing personnel. The competition for qualified technical personnel with significant experience in the design, development, manufacturing, marketing and sales of integrated circuits is intense, both in the Silicon Valley where our U.S. operations are based and in global markets in which we operate. Our inability to attract qualified personnel, including hardware and software engineers and sales and marketing personnel, could delay the development and introduction of, and harm our ability to sell, our products. Changes to United States immigration policies that restrict our ability to attract and retain technical personnel may negatively affect our research and development efforts.

We typically do not enter into employment agreements with any of our key technical personnel and the loss of such personnel could harm our business, as their knowledge of our business and industry would be extremely difficult to replace. The impact on employee morale experienced in connection with our restructuring efforts in fiscal 2017 and 2018, which eliminated approximately 900 jobs worldwide, could make it more difficult for us to add to our workforce when needed due to speculation regarding our future restructuring activities. In addition, as a result of our acquisitions and divestiture, our current and prospective employees may experience uncertainty about their futures that may impair our ability to retain, recruit or motivate key management, engineering, technical and other personnel.

Beginning in fiscal 2017, we made several changes made to our senior leadership team, including to our Chief Executive Officer, Chief Financial Officer, and Chief Operations Officer, among others. In May 2019, our Chief Technology Officer retired from the Company. Our EVP Worldwide Sales and Marketing has announced his intention to leave the Company at the end of calendar 2019. The effectiveness of the new leaders in these roles, and any further transition as a result of these changes, could have a significant impact on our results of operations.

Cybersecurity risks could adversely affect our business and disrupt our operations.

We depend heavily on our technology infrastructure and maintain and rely upon certain critical information systems for the effective operation of our business. We routinely collect and store sensitive data in our information systems, including intellectual property and other proprietary information about our business and that of our customers, suppliers and business partners. These information technology systems are subject to damage or interruption from a number of potential sources, including, but not limited to, natural disasters, destructive or inadequate code, malware, power failures, cyber-attacks, internal malfeasance or other events. Cyber-attacks on us may include viruses and worms, phishing attacks, and denial-of-service attacks. In addition, we may be the target of email scams that attempt to acquire personal information or company assets.

We have implemented processes for systems under our control intended to mitigate risks; however, we can provide no guarantee that those risk mitigation measures will be effective. Given the frequency of cyber-attacks and resulting breaches reported by other businesses and governments, it is likely we will experience one or more breaches of some extent in the future. We may incur significant costs in order to implement, maintain and/or update security systems we feel are necessary to protect our information systems, or we may miscalculate the level of investment necessary to protect our systems adequately. Since the techniques used to obtain unauthorized access or to sabotage systems change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures.

The Company's business also requires it to share confidential information with suppliers and other third parties. Although the Company takes steps to secure confidential information that is provided to third parties, such measures may not always be effective and data breaches, losses or other unauthorized access to or releases of confidential information may occur and could materially adversely affect the Company's reputation, financial condition and operating results.

To the extent that any system failure, accident or security breach results in material disruptions or interruptions to our operations or the theft, loss or disclosure of, or damage to our data or confidential information, including our intellectual property, our reputation, business, results of operations and/or financial condition could be materially adversely affected.

We may be unable to protect our intellectual property, which would negatively affect our ability to compete.

We believe one of our key competitive advantages results from the collection of proprietary technologies we have developed and acquired since our inception, and the protection of our intellectual property rights is, and will continue to be, important to the success of our business. If we fail to protect these intellectual property rights, competitors could sell products based on technology that we have developed, which could harm our competitive position and decrease our revenue.

We rely on a combination of patents, copyrights, trademarks, trade secret laws, contractual provisions, confidentiality agreements, licenses and other methods, to protect our proprietary technologies. We also enter into confidentiality or license agreements with our employees, consultants and business partners, and control access to and distribution of our documentation and other proprietary information. Notwithstanding these agreements, we have experienced disputes with employees regarding ownership of intellectual property in the past. To the extent that any third party has a claim to ownership of any relevant technologies used in our products, we may not be able to recognize the full revenue stream from such relevant technologies.

We have been issued a significant number of U.S. and foreign patents and have a significant number of pending U.S. and foreign patent applications. However, a patent may not be issued as a result of any applications or, if issued, claims allowed may not be sufficiently broad to protect our technology. In addition, it is possible that existing or future patents may be challenged, invalidated or circumvented. We may also be required to license some of our patents to others including competitors as a result of our participation in and contribution to development of industry standards. Despite our efforts, unauthorized parties may attempt to copy or otherwise obtain and use our products or proprietary technology. Monitoring unauthorized use of our technology is difficult, and the steps that we have taken may not prevent unauthorized use of our technology, particularly in jurisdictions where the laws may not protect our proprietary rights as fully as in the United States or other developed countries. If our patents do not adequately protect our technology, our competitors may be able to offer products similar to ours, which would adversely impact our business and results of operations. We have implemented security systems with the intent of maintaining the physical security of our facilities and protecting our confidential information including our intellectual property. Despite our efforts, we may be subject to breach of these security systems and controls which may result in unauthorized access to our facilities and labs and/or unauthorized use or theft of the confidential information and intellectual property we are trying to protect. If we fail to protect these intellectual property rights, competitors could sell products based on technology that we have developed, which could harm our competitive position and decrease our revenue.

Certain of our software, as well as that of our customers, may be derived from so-called “open source” software that is generally made available to the public by its authors and/or other third parties. Open source software is made available under licenses that impose certain obligations on us in the event we were to distribute derivative works of the open source software. These obligations may require us to make source code for the derivative works available to the public and/or license such derivative works under a particular type of license, rather than the forms of license we customarily use to protect our intellectual property. While we believe we have complied with our obligations under the various applicable licenses for open source software, in the event that the copyright holder of any open source software were to successfully establish in court that we had not complied with the terms of a license for a particular work, we could be required to release the source code of that work to the public and/or stop distribution of that work if the license is terminated which could adversely impact our business and results of operations.

We are subject to order and shipment uncertainties. If we are unable to accurately predict customer demand, we may hold excess or obsolete inventory, which would reduce our gross margin. Conversely, we may have insufficient inventory, which would result in lost revenue opportunities and potential loss of market share as well as damaged customer relationships.

We typically sell products pursuant to purchase orders rather than long-term purchase commitments. Customers can generally cancel or defer purchase orders on short notice without incurring a significant penalty. Due to their inability to predict demand or other reasons, some of our customers may accumulate excess inventories and, as a consequence, defer purchase of our products. We cannot accurately predict what or how many products our customers will need in the future. Anticipating demand is difficult because our customers face unpredictable demand for their own products and are increasingly focused more on cash preservation and tighter inventory management. In addition, as an increasing number of our chips are being incorporated into consumer products, we anticipate greater fluctuations in demand for our products, which makes it more difficult to forecast customer demand.

We place orders with our suppliers based on forecasts of customer demand and, in some instances, may establish buffer inventories to accommodate anticipated demand. Our forecasts are based on multiple assumptions, each of which may introduce error into our estimates. For example, our ability to accurately forecast customer demand may be impaired by the delays inherent in our customer’s product development processes, which may include extensive qualification and testing of components included in their products, including ours. In many cases, they design their products to use components from multiple suppliers. This creates the risk that our customers may decide to cancel or change product plans for products incorporating our integrated circuits prior to completion, which makes it even more difficult to forecast customer demand.

Our products are incorporated into complex devices and systems, which may create supply chain cross-dependencies. Due to cross dependencies, any supply chain disruptions could negatively impact the demand for our products in the short term. We have a limited ability to predict the timing of a supply chain correction. In addition, the market share of our customers could be adversely impacted on a long-term basis due to any continued supply chain disruption, which could negatively affect our results of operations.

If we overestimate customer demand, our excess or obsolete inventory may increase significantly, which would reduce our gross margin and adversely affect our financial results. The risk of obsolescence and/or excess inventory is heightened for devices designed for consumer electronics due to the rapidly changing market for these types of products. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we would miss revenue opportunities and potentially lose market share and damage our customer relationships. In addition, any future significant cancellations or deferrals of product orders or the return of previously sold products could materially and adversely affect our profit margins, increase product obsolescence and restrict our ability to fund our operations.

Our indebtedness could adversely affect our financial condition and our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or our industry.

On July 6, 2018, in connection with our acquisition of Cavium, we incurred substantial indebtedness pursuant to a Credit Agreement. The Credit Agreement provides for a \$900.0 million Term Loan. The Term Loan will mature on July 6, 2021. As of August 3, 2019, the outstanding principal balance of the Term Loan amounted to \$700.0 million.

In addition to the Term Loan under the Credit Agreement, on June 22, 2018, we completed a public offering of (i) \$500.0 million aggregate principal amount of the Company's 4.200% Senior Notes due 2023 (the "2023 Notes") and (ii) \$500.0 million aggregate principal amount of the Company's 4.875% Senior Notes due 2028 (the "2028 Notes" and, together with the 2023 Notes, the "Senior Notes"). We are obligated to pay interest on the Senior Notes on June 22 and December 22 of each year, beginning on December 22, 2018. The 2023 Notes will mature on June 22, 2023 and the 2028 Notes will mature on June 22, 2028.

Our indebtedness could have important consequences to us including:

- increasing our vulnerability to adverse general economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts, execution of our business strategy, acquisitions and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in the economy and the semiconductor industry;
- placing us at a competitive disadvantage compared to our competitors with less indebtedness;
- exposing us to interest rate risk to the extent of our variable rate indebtedness; and
- making it more difficult to borrow additional funds in the future to fund growth, acquisitions, working capital, capital expenditures and other purposes.

Although the Credit Agreement contains restriction on the incurrence of additional indebtedness and the indenture under which the Senior Notes were issued contains restrictions on creating liens and entering into certain sale-leaseback transactions, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness, liens or sale-leaseback transactions incurred in compliance with these restrictions could be substantial.

The Credit Agreement and the Senior Notes contain customary events of default upon the occurrence of which, after any applicable grace period, the lenders would have the ability to immediately declare the loans due and payable in whole or in part. In such event, we may not have sufficient available cash to repay such debt at the time it becomes due, or be able to refinance such debt on acceptable terms or at all. Any of the foregoing could materially and adversely affect our financial condition and results of operations.

Adverse changes to our debt ratings could negatively affect our ability to raise additional capital.

We receive debt ratings from the major credit rating agencies in the United States. Factors that may impact our credit ratings include debt levels, planned asset purchases or sales and near-term and long-term production growth opportunities. Liquidity, asset quality, cost structure, reserve mix and commodity pricing levels could also be considered by the rating agencies. The applicable margins with respect to the Term Loan will vary based on the applicable public ratings assigned to the collateralized, long-term indebtedness for borrowed money by Moody's Investors Service, Inc., Standard & Poor's Financial Services LLC, Fitch's and any successor to each such rating agency business. A ratings downgrade could adversely impact our ability to access debt markets in the future and increase the cost of current or future debt and may adversely affect our share price.

The Credit Agreement and the indenture under which the Senior Notes were issued impose restrictions on our business.

The Credit Agreement and the indenture for the Senior Notes each contains a number of covenants imposing restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. The restrictions, among other things, restrict our ability and our subsidiaries' ability to create or incur certain liens, incur or guarantee additional indebtedness, merge or consolidate with other companies, pay dividends, transfer or sell assets and make restricted payments. These restrictions are subject to a number of limitations and exceptions set forth in the Credit Agreement and the indenture for the Senior Notes. Our ability to meet the liquidity covenant set forth in the Credit Agreement may be affected by events beyond our control.

The foregoing restrictions could limit our ability to plan for, or react to, changes in market conditions or our capital needs. We do not know whether we will be granted waivers under, or amendments to, our Credit Agreement or to the Senior Notes if for any reason we are unable to meet these requirements, or whether we will be able to refinance our indebtedness on terms acceptable to us, or at all.

We may be unable to generate the cash flow to service our debt obligations.

We may not be able to generate sufficient cash flow to enable us to service our indebtedness, including the Senior Notes, or to make anticipated capital expenditures. Our ability to pay our expenses and satisfy our debt obligations, refinance our debt obligations and fund planned capital expenditures will depend on our future performance, which will be affected by general economic, financial competitive, legislative, regulatory and other factors beyond our control. If we are unable to generate sufficient cash flow from operations or to borrow sufficient funds in the future to service our debt, we may be required to sell assets, reduce capital expenditures, refinance all or a portion of our existing debt (including the Senior Notes) or obtain additional financing. We cannot assure you that we will be able to refinance our debt, sell assets or borrow more money on terms acceptable to us, if at all. If we cannot make scheduled payments on our debt, we will be in default and holders of our debt could declare all outstanding principal and interest to be due and payable, and we could be forced into bankruptcy or liquidation. In addition, a material default on our indebtedness could suspend our eligibility to register securities using certain registration statement forms under SEC guidelines that permit incorporation by reference of substantial information regarding us, potentially hindering our ability to raise capital through the issuance of our securities and increasing our costs of registration.

We may, under certain circumstances, be required to repurchase the Senior Notes at the option of the holder.

We will be required to repurchase the Senior Notes at the option of each holder upon the occurrence of a change of control repurchase event as defined in the indenture for the Senior Notes. However, we may not have sufficient funds to repurchase the notes in cash at the time of any change of control repurchase event. Our failure to repurchase the Senior Notes upon a change of control repurchase event would be an event of default under the indenture for the Senior Notes and could cause a cross-default or acceleration under certain future agreements governing our other indebtedness. The repayment obligations under the Senior Notes may have the effect of discouraging, delaying or preventing a takeover of our company. If we were required to pay the Senior Notes prior to their scheduled maturity, it could have a significant negative impact on our cash and liquidity and could impact our ability to invest financial resources in other strategic initiatives.

We rely on third-party distributors and manufacturers' representatives and the failure of these distributors and manufacturers' representatives to perform as expected could reduce our future sales.

From time to time, we enter into relationships with distributors and manufacturers' representatives to sell our products, and we are unable to predict the extent to which these partners will be successful in marketing and selling our products. Moreover, many of our distributors and manufacturers' representatives also market and sell competing products, and may terminate their relationships with us at any time. Our future performance will also depend, in part, on our ability to attract additional distributors or manufacturers' representatives that will be able to market and support our products effectively, especially in markets in which we have not previously distributed our products. If we cannot retain or attract quality distributors or manufacturers' representatives, our sales and results of operations will be harmed.

We face additional risks due to the extent of our global operations since a majority of our products, and those of our customers, are manufactured and sold outside of the United States. The occurrence of any or a combination of the additional risks described below would significantly and negatively impact our business and results of operations.

A substantial portion of our business is conducted outside of the United States and, as a result, we are subject to foreign business, political and economic risks. All of our products are manufactured outside of the United States. Our current qualified integrated circuit foundries are located in the same region within Taiwan, and our primary assembly and test subcontractors are located in the Pacific Rim region. In addition, many of our customers are located outside of the United States, primarily in Asia, which further exposes us to foreign risks. Sales shipped to customers with operations in Asia represented approximately 82% and 89% of our net revenue in the three months ended August 3, 2019 and August 4, 2018, respectively.

We also have substantial operations outside of the United States. These operations are directly influenced by the political and economic conditions of the region in which they are located and, with respect to Israel, possible military hostilities periodically affecting the region that could affect our operations there. We anticipate that our manufacturing, assembly, testing and sales outside of the United States will continue to account for a substantial portion of our operations and revenue in future periods.

Accordingly, we are subject to risks associated with international operations, including:

- political, social and economic instability, including wars, terrorism, political unrest, boycotts, curtailment of trade and other business restrictions;
- volatile global economic conditions, including downturns in which some competitors may become more aggressive in their pricing practices, which would adversely impact our gross margin;
- compliance with domestic and foreign export and import regulations, including pending changes thereto, and difficulties in obtaining and complying with domestic and foreign export, import and other governmental approvals, permits and licenses;
- local laws and practices that favor local companies, including business practices in which we are prohibited from engaging by the Foreign Corrupt Practices Act and other anti-corruption laws and regulations;
- difficulties in staffing and managing foreign operations;
- natural disasters, including earthquakes, tsunamis and floods;
- trade restrictions, higher tariffs, worsening trade relationship between the United States and China, or changes in cross border taxation, particularly in light of the recently imposed tariffs announced by the Trump administration;
- transportation delays;
- difficulties of managing distributors;
- less effective protection of intellectual property than is afforded to us in the United States or other developed countries;
- inadequate local infrastructure; and
- exposure to local banking, currency control and other financial-related risks.

As a result of having global operations, the sudden disruption of the supply chain and/or disruption of the manufacture of our customer's products caused by events outside of our control could impact our results of operations by impairing our ability to timely and efficiently deliver our products.

Moreover, the international nature of our business subjects us to risk associated with the fluctuation of the U.S. dollar versus foreign currencies. Decreases in the value of the U.S. dollar versus currencies in jurisdictions where we have large fixed costs, or where our third-party manufacturers have significant costs, will increase the cost of such operations which could harm our results of operations.

We must comply with a variety of existing and future laws and regulations that could impose substantial costs on us and may adversely affect our business.

We are subject to laws and regulations worldwide, which may differ among jurisdictions, affecting our operations in areas including, but not limited to: intellectual property ownership and infringement; tax; import and export requirements; anti-corruption; foreign exchange controls and cash repatriation restrictions; data private requirements; competition; advertising; employment; product regulations; environment, health and safety requirements; and consumer laws. For example, government export regulations apply to the encryption or other features contained in some of our products. If we fail to continue to receive licenses or otherwise comply with these regulations, we may be unable to manufacture the affected products at foreign foundries or ship these products to certain customers, or we may incur penalties or fines. In addition, we are subject to various industry requirements restricting the presence of certain substances in electronic products. Although our management systems are designed to maintain compliance, we cannot assure you that we have been or will be at all times in compliance with such laws and regulations. If we violate or fail to comply with any of them, a range of consequences could result, including fines, import/export restrictions, sales limitations, criminal and civil liabilities or other sanctions. The costs of complying with these laws (including the costs of any investigations, auditing and monitoring) could adversely affect our current or future business.

Our product or manufacturing standards could also be impacted by new or revised environmental rules and regulations or other social initiatives. For instance, the SEC requires disclosures relating to the sourcing of certain minerals from the Democratic Republic of Congo and adjoining countries. Those rules, or similar rules that may be adopted in other jurisdictions, could adversely affect our costs, the availability of minerals used in our products and our relationships with customers and suppliers.

In connection with the Cavium acquisition, we have been subject to regulatory conditions imposed by the Committee on Foreign Investment in the United States (CFIUS) pursuant to a Letter of Assurance (LA) where we have agreed to implement certain cyber security, physical security and training measures to protect national security, which may materially and adversely affect our operating results due to the increased cost of compliance with these measures. If we fail to comply with our obligations under the LA, our ability to operate our business may be adversely affected.

Matters relating to or arising from our Audit Committee investigation, including regulatory proceedings, litigation matters and potential additional expenses, may adversely affect our business and results of operations.

As previously disclosed in our public filings, in March 2016, the Audit Committee of our Board of Directors completed an investigation that generally included a review of certain "pulled-in" revenue. We are the subject of investigations by the Securities and Exchange Commission and the U.S. Attorney related to these matters. We are fully cooperating with the SEC and the U.S. Attorney with respect to those investigations. The pending investigations or any future additional lawsuits have and may in the future result in significant expenses, distraction and may adversely affect our business, financial condition, results of operations and cash flows. See also, *"Our indemnification obligations and limitations of our director and officer liability insurance may have a material adverse effect on our financial condition, results of operations and cash flows."*

We have been named as a party to several legal proceedings and may be named in additional ones in the future, including litigation involving our patents and other intellectual property, which could subject us to liability, require us to indemnify our customers, require us to obtain or renew licenses, require us to stop selling our products or force us to redesign our products.

We have been named as a party to several lawsuits, government inquiries or investigations and other legal proceedings (referred to as "litigation"), and we may be named in additional ones in the future. Please see "Note 10 - Commitments and Contingencies" of our Notes to the Unaudited Condensed Consolidated Financial Statements set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q for a more detailed description of material litigation matters in which we may be currently engaged. In particular, litigation involving patents and other intellectual property is widespread in the high-technology industry and is particularly prevalent in the semiconductor industry, where a number of companies and other entities aggressively bring numerous infringement claims to assert their patent portfolios. The amount of damages alleged in intellectual property infringement claims can often be very significant. See also, *"We may be unable to protect our intellectual property, which would negatively affect our ability to compete."*

From time to time, our subsidiaries and customers receive, and may continue to receive in the future, standards-based infringement claims, as well as claims against us and our subsidiaries' proprietary technologies. Our subsidiaries and customers could face claims of infringement for certain patent licenses that have not been renewed. These claims could result in litigation and/or claims for indemnification, which, in turn, could subject us to significant liability for damages, attorneys' fees and costs. Any potential intellectual property litigation also could force us to do one or more of the following:

- stop selling, offering for sale, making, having made or exporting products or using technology that contains the allegedly infringing intellectual property;
- limit or restrict the type of work that employees involved in such litigation may perform for us;
- pay substantial damages and/or license fees and/or royalties to the party claiming infringement or other license violations that could adversely impact our liquidity or operating results;
- attempt to obtain or renew licenses to the relevant intellectual property, which licenses may not be available on reasonable terms or at all; and
- attempt to redesign those products that contain the allegedly infringing intellectual property.

Under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses for current and former directors and officers. Additionally, from time to time, we have agreed to indemnify select customers for claims alleging infringement of third-party intellectual property rights, including, but not limited to, patents, registered trademarks and/or copyrights. If we are required to make a significant payment under any of our indemnification obligations, our results of operations may be harmed.

The ultimate outcome of litigation could have a material adverse effect on our business and the trading price for our securities. Litigation may be time consuming, expensive, and disruptive to normal business operations, and the outcome of litigation is difficult to predict. Litigation, regardless of the outcome, may result in significant expenditures, diversion of our management's time and attention from the operation of our business and damage to our reputation or relationship with third parties, which could materially and adversely affect our business, financial condition, results of operations, cash flows and stock price.

We are exposed to potential impairment charges on certain assets.

We had approximately \$4.9 billion of goodwill on our consolidated balance sheet as of August 3, 2019, as well as \$0.6 billion of goodwill that was reclassified to assets held for sale in connection with the May 2019 announcement for the divestiture of the Wi-Fi business. Under generally accepted accounting principles in the United States, we are required to review our intangible assets including goodwill for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. We perform an assessment of goodwill for impairment annually on the last business day of our fiscal fourth quarter and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable.

We have identified that our business operates as a single operating segment with two primary components (Storage and Networking), which we have concluded can be aggregated into a single reporting unit for purposes of testing goodwill impairment. The fair value of the reporting unit is determined by taking our market capitalization as determined through quoted market prices and as adjusted for a control premium and other relevant factors. If our fair value declines to below our carrying value, we could incur significant goodwill impairment charges, which could negatively impact our financial results. If in the future a change in our organizational structure results in more than one reporting unit, we will be required to allocate our goodwill and perform an assessment of goodwill for impairment in each reporting unit. As a result, we could have an impairment of goodwill in one or more of such future reporting units.

In addition, from time to time, we have made investments in private companies. If the companies that we invest in are unable to execute their plans and succeed in their respective markets, we may not benefit from such investments, and we could potentially lose the amounts we invest. We evaluate our investment portfolio on a regular basis to determine if impairments have occurred. If the operations of any businesses that we have acquired declines significantly, we could incur significant intangible asset impairment charges. Impairment charges could have a material impact on our results of operations in any period.

If we were classified as a passive foreign investment company, there would be adverse tax consequences to U.S. holders of our ordinary shares.

If we were classified as a “passive foreign investment company” or “PFIC” under section 1297 of the Internal Revenue Code, of 1986, as amended (the “Code”), for any taxable year during which a U.S. holder holds ordinary shares, such U.S. holder generally would be taxed at ordinary income tax rates on any gain realized on the sale or exchange of the ordinary shares and on any “excess distributions” (including constructive distributions) received on the ordinary shares. Such U.S. holder could also be subject to a special interest charge with respect to any such gain or excess distribution.

We would be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of our gross income is passive income or (ii) on average, the percentage of our assets that produce passive income or are held for the production of passive income is at least 50% (determined on an average gross value basis). We were not classified as a PFIC for fiscal year 2018 or in any prior taxable year. Whether we will, in fact, be classified as a PFIC for any subsequent taxable year depends on our assets and income over the course of the relevant taxable year and, as a result, cannot be predicted with certainty. In particular, because the total value of our assets for purposes of the asset test will be calculated based upon the market price of our ordinary shares, a significant and sustained decline in the market price of our ordinary shares and corresponding market capitalization relative to our passive assets could result in our being classified as a PFIC. There can be no assurance that we will not be classified as a PFIC in the future or the Internal Revenue Service will not challenge our determination concerning PFIC status for any prior period.

As we carry only limited insurance coverage, any incurred liability resulting from uncovered claims could adversely affect our financial condition and results of operations.

Our insurance policies may not be adequate to fully offset losses from covered incidents, and we do not have coverage for certain losses. For example, there is very limited coverage available with respect to the services provided by our third-party foundries and assembly and test subcontractors. In the event of a natural disaster (such as an earthquake or tsunami), political or military turmoil, widespread health issues or other significant disruptions to their operations, insurance may not adequately protect us from this exposure. We believe our existing insurance coverage is consistent with common practice, economic considerations and availability considerations. If our insurance coverage is insufficient to protect us against unforeseen catastrophic losses, any uncovered losses could adversely affect our financial condition and results of operations.

We are subject to the risks of owning real property.

Our buildings in Santa Clara, California and Shanghai, China subject us to the risks of owning real property, which include, but are not limited to:

- the possibility of environmental contamination and the costs associated with remediating any environmental problems;
- adverse changes in the value of these properties due to interest rate changes, changes in the neighborhood in which the property is located, or other factors;
- the possible need for structural improvements in order to comply with zoning, seismic and other legal or regulatory requirements;
- the potential disruption of our business and operations arising from or connected with a relocation due to moving to or renovating the facility;
- increased cash commitments for improvements to the buildings or the property, or both;
- increased operating expenses for the buildings or the property, or both;

- possible disputes with tenants or other third parties related to the buildings or the property, or both;
- failure to achieve expected cost savings due to extended non-occupancy of a vacated property intended to be leased; and
- the risk of financial loss in excess of amounts covered by insurance, or uninsured risks, such as the loss caused by damage to the buildings as a result of earthquakes, floods and/or other natural disasters.

Risks Related to Owning Marvell Common Shares

There can be no assurance that we will continue to declare cash dividends or effect share repurchases in any particular amount or at all, and statutory requirements under Bermuda Law may require us to defer payment of declared dividends or suspend share repurchases.

In May 2012, we declared our first quarterly cash dividend and in October 2018, we announced that our board of directors had authorized a \$700 million addition to our previously existing \$1 billion share repurchase program. An aggregate of \$809 million of shares have been repurchased under that program as of August 3, 2019. Future payment of a regular quarterly cash dividend on our common shares and future share repurchases will be subject to, among other things: the best interests of our company and our shareholders; our results of operations, cash balances and future cash requirements; financial condition; developments in ongoing litigation; statutory requirements under Bermuda law; market conditions; and other factors that our Board of Directors may deem relevant. Our dividend payments or share repurchases may change from time to time, and we cannot provide assurance that we will continue to declare dividends or repurchase shares in any particular amounts or at all. A reduction in, a delay of, or elimination of our dividend payments or share repurchases could have a negative effect on our share price.

We are incorporated in Bermuda and, as a result, it may not be possible for our shareholders to enforce civil liability provisions of the securities laws of the United States. In addition, our Bye-Laws contain a waiver of claims or rights of action by our shareholders against our officers and directors, which will severely limit our shareholders' right to assert a claim against our officers and directors under Bermuda law.

We are organized under the laws of Bermuda. As a result, it may not be possible for our shareholders to affect service of process within the United States upon us, or to enforce against us in U.S. courts judgments based on the civil liability provisions of the securities laws of the United States. There is significant doubt as to whether the courts of Bermuda would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liability provisions of the securities laws of the United States or any state, or hear actions brought in Bermuda against us or those persons based on those laws. The United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not be automatically enforceable in Bermuda.

Our Bye-Laws contain a broad waiver by our shareholders of any claim or right of action, both individually and on our behalf, against any of our officers and directors. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties with or for us, other than with respect to any matter involving any fraud or dishonesty on the part of the officer or director or to any matter arising under U.S. federal securities laws. This waiver will limit the rights of our shareholders to assert claims against our officers and directors unless the act complained of involves fraud or dishonesty or arises as a result of a breach of U.S. federal securities laws. Therefore, so long as acts of business judgment do not involve fraud or dishonesty or arise as a result of a breach of U.S. federal securities laws, they will not be subject to shareholder claims under Bermuda law. For example, shareholders will not have claims against officers and directors for a breach of trust, unless the breach rises to the level of fraud or dishonesty, or arises as a result of a breach of U.S. federal securities laws.

Our Bye-Laws contain provisions that could delay or prevent a change in corporate control, even if the change in corporate control would benefit our shareholders.

Our Bye-Laws contain change in corporate control provisions, which include authorizing the issuance of preferred shares without shareholder approval. This provision could make it more difficult for a third party to acquire us, even if doing so would benefit our shareholders.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended August 3, 2019, there were no sales by us of unregistered securities that were not previously reported by us in a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

The following table presents details of our share repurchases during the three months ended August 3, 2019 (in thousands, except per share data):

Period (1)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
May 5, 2019 - June 1, 2019	627	\$ 22.72	14,249	\$ 889,710
June 2, 2019 - June 29, 2019	—	\$ —	—	\$ 889,710
June 30, 2019 - August 3, 2019	—	\$ —	—	\$ 889,710
Total	627	\$ 22.72	14,249	\$ 889,710

- (1) The monthly periods presented above for the three months ended August 3, 2019, are based on our fiscal accounting periods which follow a quarterly 4-4-5 week fiscal accounting period.
- (2) On November 17, 2016, we announced that our Board of Directors had authorized a \$1 billion share repurchase program. On October 16, 2018, we announced that our Board of Directors authorized a \$700 million addition to the balance of our existing share repurchase program. Our existing share repurchase program had approximately \$304 million of repurchase authority remaining as of October 16, 2018 prior to the approved addition. We may effect share repurchases in accordance with the conditions of Rule 10b-18 under the Exchange Act, but may also make repurchases in the open market outside of Rule 10b-18 or in privately negotiated transactions. The share repurchase program will be subject to market conditions and other factors and does not obligate us to repurchase any dollar amount or number of our common shares and the repurchase program may be extended, modified, suspended or discontinued at any time.

Item 6. Exhibits

Exhibit No.	Item	Form	File Number	Incorporated by Reference from Exhibit Number	Filed with SEC
2.1	Asset Purchase Agreement between Marvell and NXP dated May 29 2019				Filed herewith
10.1	Warrant to Purchase Common Shares of Marvell dated June 5, 2019	8-K	000-30877	99.1	6/5/2019
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer				Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Principal Financial Officer				Filed herewith
32.1*	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Principal Executive Officer				Filed herewith
32.2*	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Principal Financial Officer				Filed herewith
101.INS	Inline XBRL Instance Document				Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document				Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Document				Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				Filed herewith
104	The cover page for this Form 10-Q, formatted in Inline XBRL (included in Exhibit 101)				Filed herewith
#	Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.				
*	The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.				

SIGNATURES

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

MARVELL TECHNOLOGY GROUP LTD.

Date: September 4, 2019

By: /s/ JEAN HU

Jean Hu
Chief Financial Officer
(Principal Financial Officer)

ASSET PURCHASE AGREEMENT

between

MARVELL TECHNOLOGY GROUP LTD.,

as the Seller

and

NXP USA, INC.,

as the Buyer

Dated as of May 29, 2019

TABLE OF CONTENTS

Page

Article I DEFINITIONS

Section 1.1 Certain Defined Terms 1

Section 1.2 Table of Definitions 11

Article II PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets 13

Excluded Assets 14

Section 2.3 Assumed Liabilities 15

Section 2.4 Excluded Liabilities 16

[Section 2.5Consents to Certain Assignments](#) 17

[Section 2.6Closing Consideration](#) 18

[Section 2.7Closing](#) 18

[Section 2.8Withholding](#) 19

Article III

REPRESENTATIONS AND WARRANTIES OF THE SELLER

[Section 3.1Organization and Qualification](#) 19

[Section 3.2Authority](#) 19

[Section 3.3No Conflict; Required Filings and Consents](#) 20

[Section 3.4Transferred Assets](#) 21

[Section 3.5Financial Statements](#) 22

[Section 3.6Absence of Certain Changes or Events](#) 22

[Section 3.7Compliance with Law; Permits](#) 22

[Section 3.8Litigation](#) 24

[Section 3.9Employee Plans](#) 24

[Section 3.10Labor and Employment Matters](#) 26

[Section 3.11Insurance](#) 26

[Section 3.12Real Property](#) 26

[Section 3.13Intellectual Property](#) 26

[Section 3.14Taxes](#) 29

[Section 3.15Environmental Matters](#) 29

[Section 3.16Material Contracts](#) 30

[Section 3.17Customers and Suppliers](#) 31

[Section 3.18 Warranties](#) 32

[Section 3.19Inventory; Transferred Personal Property](#) 32

[Section 3.20Affiliate Transactions](#) 32

[Section 3.21Brokers](#) 32

[Section 3.22Exclusivity of Representations and Warranties](#) 33

Article IV

REPRESENTATIONS AND WARRANTIES OF THE BUYER

[Section 4.1Organization](#) 33

[Section 4.2Authority](#) 33

[Section 4.3No Conflict; Required Filings and Consents](#) 34

[Section 4.4Financing](#) 34

[Section 4.5Brokers](#) 34

[Section 4.6Buyer's Investigation and Reliance](#) 35

Article V
COVENANTS

<u>5.1</u>	<u>Conduct of Business Prior to the Closing</u>	35
	<u>Section 5.2Covenants Regarding Information</u>	38
	<u>Section 5.3Exclusivity</u>	40
	<u>Section 5.4Notification of Certain Matters</u>	40
	<u>Section 5.5Employee Benefits</u>	40
	<u>Section 5.6Confidentiality</u>	45
	<u>Section 5.7Consents and Filings</u>	45
	<u>Section 5.8Further Assurances; Conveyance</u>	48
	<u>Section 5.9No Solicitation</u>	49
<u>10</u>	<u>Non-Competition</u>	51
	<u>Section 5.11Bulk Transfer Laws</u>	52
	<u>Section 5.12Third Party Licenses; Consents</u>	52
	<u>Section 5.13Cooperation Regarding Certain Employee Matters</u>	52
	<u>Section 5.14Public Announcements</u>	53
	<u>Section 5.15Affiliate Transactions</u>	53
<u>ction 5.16</u>	<u>Transferred Patents</u>	53
	<u>Section 5.17Warranties</u>	54
	<u>Section 5.18Transition Services Agreement Schedules</u>	54

Article VI
TAX MATTERS

<u>Section 6.1Tax Matters</u>	54
<u>Section 6.2Straddle Periods</u>	56
<u>Section 6.3Cooperation on Tax Matters</u>	56
<u>Section 6.4Transfer Taxes</u>	57

Article VII
CONDITIONS TO CLOSING

<u>Section 7.1General Conditions</u>	57
<u>Section 7.2Conditions to Obligations of the Seller Parties</u>	58
<u>Section 7.3Conditions to Obligations of the Buyer Parties</u>	58
<u>Section 7.4Frustration of Closing Conditions</u>	59

Article VIII
INDEMNIFICATION

<u>Section 8.1Survival of Representations, Warranties and Covenants</u>	59
---	----

	Section 8.2Indemnification by the Seller	60
	Section 8.3Indemnification by the Buyer	60
	Section 8.4Procedures	60
8.5	Limits on Indemnification	62
	Section 8.6Exclusive Remedy	64
	Section 8.7Treatment of Indemnity Payments	64
	Article IX	
	TERMINATION	
	Section 9.1Termination	64
	Section 9.2Effect of Termination	65
	Article X	
	GENERAL PROVISIONS	
	Section 10.1Fees and Expenses	65
	Section 10.2Amendment and Modification	65
	Section 10.3Waiver; Extension	65
	Section 10.4Notices	66
	Section 10.5Interpretation	67
	Section 10.6Entire Agreement	67
	Section 10.7Parties in Interest	68
	Section 10.8Governing Law	68
	Section 10.9Submission to Jurisdiction	68
	Section 10.10Disclosure Generally	69
	Section 10.11Personal Liability	69
	Section 10.12Assignment; Successors	69
	Section 10.13Enforcement	69
	Section 10.14Currency	69
	Section 10.15Severability	70
	Section 10.16Waiver of Jury Trial	70
ion 10.17	Counterparts	70
	Section 10.18Facsimile or .pdf Signature	70
	Section 10.19Time of Essence	70
10.20	No Presumption Against Drafting Party	70

ASSET PURCHASE AGREEMENT, dated as of May 29, 2019 (this “Agreement”), between Marvell Technology Group Ltd., a Bermuda exempted company (the “Seller”), and NXP USA, Inc., a Delaware corporation (the “Buyer”).

RECITALS

A. The Seller, through itself or one or more Affiliates (any such Affiliate that owns any Transferred Assets or Assumed Liabilities, together with the Seller, each a “Seller Party”) is engaged in the Business at various locations around the world.

B. The Seller wishes to sell, and cause the Seller Parties to sell, to the Buyer or one or more of its Affiliates (any such Affiliate that purchases Transferred Assets or assumes Assumed Liabilities, together with the Buyer, each a “Buyer Party”), and the Buyer wishes to purchase, or to cause another Buyer Party to purchase, from the Seller Parties, the Transferred Assets, and in connection therewith, the Buyer Parties are willing to assume the Assumed Liabilities, all upon the terms and subject to the conditions set forth herein.

C. Concurrently with the execution and delivery of this Agreement, certain Key Employees have entered into offer letter agreements with a Buyer Party, which agreements shall become effective at the Closing and shall be null and void if this Agreement is terminated.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties agree as follows:

Article I DEFINITIONS

Section 1.1 Certain Defined Terms. For purposes of this Agreement:

“Action” means any filed claim, action, suit, investigation, subpoena, litigation, mediation, charge, complaint, administrative enforcement proceeding, arbitration or other proceeding by or before any Governmental Authority.

“Affiliate” means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person, provided, that Affiliate shall not include any (i) direct or indirect equityholder of any Person that owns less than fifty (50) percent of the equity interests in such Person or (ii) any other Persons in which such equityholders own equity or debt interests.

“Ancillary Agreements” means the Bill of Sale and Assignment and Assumption Agreement, the Intellectual Property Agreement, the Intellectual Property Assignments and the Transition Services Agreement.

“Bill of Sale and Assignment and Assumption Agreement” means one or more bill of sale and assignment and assumption agreements with a Seller Party substantially in the form of Exhibit A hereto, with such changes as the Seller and the Buyer may agree are appropriate under local Law or practice for transfers of Transferred Assets or Assumed Liabilities outside of the United States.

“Books and Records” means copies of the Seller Parties’ books and records to the extent necessary, or relating exclusively, to the operation of the Transferred Assets including (i) promotional literature, design manuals, plans, drawings, technical manuals, operating records for the Transferred Products, (ii) customer sales records for the preceding two (2) years, (iii) all lists, documents, records, other correspondence, financial reports, written information, computer files, website information and other computer readable media concerning the Business or the operation thereof, including the development, marketing, manufacture and sale of Transferred Products to past, present or prospective customers of, or other purchasers of Transferred Products or services from, the Business, (iv) emails of the nature described in Schedule 2.7(b) of the Disclosure Schedules, (v) except as may be limited by applicable Law, personnel and employment records, in the form maintained by the Seller in the ordinary course of business in respect of Transferred Employees and (vi) Prosecution History Files; provided that in no event shall Books and Records include any books and records the disclosure of which would contravene any applicable Laws or confidentiality agreements of the Seller Parties; provided, further, that the Seller shall use reasonable best efforts to mitigate such restrictions to allow disclosure of such books and records without contravening any applicable Laws or confidentiality agreements of the Seller Parties (provided that the foregoing mitigation

requirements shall not apply to any records or other information relating to intellectual property vendor royalty rates, or semiconductor fabrication or outsourced assembly and test costs).

“Burdensome Condition” means any action, condition, or restriction required by a Governmental Authority as a condition to consummation of the transactions contemplated hereby that would have a Material Adverse Effect.

“Business” means the business of the Exploitation of baseband and RF integrated circuit products (and associated software) for wireless connectivity that meet either (i) the wireless local area networks (WLAN) 802.11xx standards promulgated by the IEEE or (ii) the Bluetooth standards promulgated by the Bluetooth Special Interest Group (SIG).

“Business Day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York, San Francisco, California or the city in which the Buyer’s headquarters are located.

“Business Employees” means all individuals employed by the Seller Parties immediately prior to the Closing Date and listed on Schedule 1.1A, including (i) those on military leave and family and medical leave, (ii) those on approved leaves of absence, but only to the extent they have reemployment rights guaranteed under federal or state Law, under any applicable collective bargaining agreement or under any leave of absence policy of the Seller Parties and (iii) those on short-term disability under the Seller’s short-term disability program (those employees listed in clauses (i)–(iii), the “Leave Employees”).

“Business Products” means the products of the Business listed on Schedule 1.1B, which schedule separately identifies Business Products that are not Transferred Products.

“Buyer Fundamental Representations” means the representations and warranties set forth in Section 4.1 (Organization), Section 4.2 (Authority), Section 4.3(a)(i) (No Conflict) and Section 4.5 (Brokers).

“Buyer Material Adverse Effect” means any event, change, occurrence or effect that would reasonably be expected to prevent, materially delay or materially impede the performance by the Buyer Parties of their obligations under this Agreement or the Ancillary Agreements to which any of them will be a party or the consummation of the transactions contemplated hereby or thereby.

“CFIUS” means the Committee on Foreign Investment in the United States and each member agency thereof, acting in such capacity.

“CFIUS Approval” means (i) CFIUS has issued a written notice to the parties that it has concluded all action pursuant to the DPA and has determined that there are no unresolved national security concerns with respect to the transactions contemplated by this Agreement; or (ii) CFIUS has sent a report to the President of the United States requesting the President’s decision and either (x) the President has announced a decision not to take any action to suspend or prohibit the transactions contemplated by this Agreement or (y) the President has not taken any action within 15 days after the earlier of (A) the date the President received the report from CFIUS or (B) the end of CFIUS’s investigation of the transactions contemplated by this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Competing Transaction” means any transaction (i) whereby any Person proposes to, or would, acquire, license, lease or otherwise obtain any ownership rights with respect to the Transferred Assets (in each case, whether by merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock or sale of assets), other than (x) the sale of Inventory in the ordinary course of business or (y) the non-exclusive license of Intellectual Property in the ordinary course of business consistent with past practices. “Competing Transaction” shall not include any of the following transactions as long as such transactions would not result in the loss of any material rights of the Buyer under this Agreement: (a) a merger, consolidation, share exchange, business combination or other similar transaction of or by the Seller involving all or substantially all of the Seller’s assets on a consolidated basis; (b) the acquisition by any Person of a majority of the Seller’s issued and outstanding voting equity interests; or (c) the sale, lease, transfer or other disposition of all or substantially all of the assets of the Seller on a consolidated basis or any of its lines of business, in each case so long as such transaction does not result in the loss of any rights of the Buyer under this Agreement.

“Contract” shall mean any contract, obligation, instrument, undertaking, mortgage, license, purchase order, indenture, loan agreement, note, bond, guarantee, assignment, lease or other agreement, commitment or undertaking of any nature, in each case, whether written or oral, and any amendment, renewal, replacement or supplement thereto.

“control,” including the terms “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by contract or otherwise.

“De Minimis Business” means any Person or business to the extent that less than \$5 million of the annual revenues of such Person or business are derived from the Competing Business.

“De Minimis Investment” means an investment in a Person in which the Restricted Entities collectively hold less than 10% of the outstanding voting securities or similar equity interest in the case of a private company, or less than 5% of the outstanding voting securities or similar equity interest in the case of a publicly traded company, so long as no Restricted Entity is represented or has a right to representation or nomination on the board of directors or management of such Person.

“DPA” means Section 721 of the Defense Production Act of 1950, as amended, and all rules and regulations issued and effective thereunder including those codified at 31 C.F.R. Parts 800 and 801, as applicable.

“Employee Plans” means all “employee benefit plans” within the meaning of Section 3(3) of ERISA (whether or not subject to ERISA), all formal written plans and all other compensation and benefit plans, contracts, policies, programs and arrangements of the Seller Parties (other than routine administrative procedures) that in each case are sponsored, maintained, or contributed to by the Seller Parties or any of their ERISA Affiliates for the benefit of any Business Employees or dependents thereof, including all pension, profit sharing, savings and thrift, bonus, stock bonus, stock option or other cash or equity-based incentive or deferred compensation, severance pay, termination indemnity, fringe benefit and medical and life insurance plans in which any of the Business Employees or their dependents participate.

“Encumbrance” means any charge, claim, mortgage, lien, option, pledge, right of first offer or refusal, security interest or other similar restriction.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means any trade or business, whether or not incorporated, that together with any Seller Party would be deemed a “single employer” within the meaning of Section 4001(b) of ERISA.

“Excluded Intellectual Property” means any Intellectual Property owned by a third party that (a) is licensed to a Seller Party that is not covered by an Assumed Contract and (b) is not included in the Licensed Intellectual Property, and in each case as listed on Schedule 3.4(c) of the Disclosure Schedules.

“Excluded Taxes” means any (i) Taxes arising out of or relating to the Seller Parties’ operation of the Business or that are imposed with respect to the Transferred Assets that are attributable to a Pre-Closing Tax Period (including any Taxes that are the Liability of the Seller pursuant to Article VI), and (ii) Transfer Taxes for which the Seller Parties are responsible pursuant to Section 6.4. For the avoidance of doubt, any Transfer Tax for which the Buyer is liable pursuant to Section 6.4 shall not be an Excluded Tax.

“FCPA” means the U.S. Foreign Corrupt Practices Act of 1977, as amended.

“Fraud” means any actual and intentional fraud causes of action that require as an element an intent to deceive or scienter, but not any type of fraud cause of action based on negligence.

“GAAP” means United States generally accepted accounting principles as in effect on the date hereof.

“GDPR” means the General Data Protection Regulation (EU) 2016/679.

“Governmental Authority” means any United States or non-United States national, federal, state or local, international, supranational or other governmental, regulatory or administrative authority, agency or commission or any judicial or arbitral body.

“Government Official” means any (i) official, officer, employee, representative, or agent of a Governmental Authority or a public international organization (such as the United Nations or the World Bank) or any person acting in an official capacity for or on behalf of any such Governmental Authority or public international organization, or (ii) any candidate for political office, any political party, or any official of a political party.

“Intellectual Property Agreement” means the agreement in the form of Exhibit B hereto.

“Intellectual Property Assignments” means assignments duly executed by the applicable Seller Parties, transferring all of the Seller Parties’ right, title and interest in and to the Registered IP to the Buyer Parties.

“Intellectual Property Rights” or “Intellectual Property” means all intellectual property rights and related priority rights, whether protected, created or arising under the laws of the United States or any other jurisdiction or under any international convention, including (a) Patents, (b) Marks, (c) copyrights, mask work rights, mask work registrations and applications therefor, works of authorship, including rights in databases, data collections and moral rights and all registrations, applications, renewals, extensions and reversions of any of the foregoing (all of the foregoing in this subsection (c), “Copyrights”), (d) trade secrets and rights in confidential and proprietary information, non-public discoveries, concepts, ideas, research and development, technology, know-how, formulae, inventions, compositions, processes, techniques, industrial designs, technical data and information, procedures, semiconductor device structures, drawings, specifications, databases, data collections and other information, including customer lists, customer data, supplier lists, pricing and cost information, and business and marketing plans and proposals, in each case excluding any rights in respect of any of the foregoing that comprise or are protected by issued Patents (all of the foregoing in this subsection (d), “Trade Secrets”), and (e) all registrations and applications for any of the foregoing and all rights to obtain renewals, continuations, divisions or other legal protections pertaining thereto.

“IP Sufficiency Representation” means the representations and warranties set forth in Section 3.4(c) (Transferred Assets).

“IRS” means the Internal Revenue Service of the United States.

“Key Employee” means the persons listed on Schedule 1.1C.

“Knowledge” with respect to the Seller means the actual knowledge, after reasonable inquiry, of the persons listed in Schedule 1.1D as of the date of this Agreement (or, with respect to a certificate delivered pursuant to this Agreement, as of the date of delivery of such certificate).

“Law” means any statute, law, treaty, regulatory requirement, ordinance, regulation, rule, code, injunction, judgment, decree or order of any Governmental Authority.

“Liability” means any direct or indirect liabilities or obligations of any nature whatsoever, whether accrued, absolute or contingent, whether known or unknown, whether due or to become due, whether called a liability, obligation, indebtedness, guaranty, claim or otherwise.

“Licensed Intellectual Property” means the Intellectual Property that is licensed to a Buyer Party pursuant to the Intellectual Property Agreement.

“Marks” means fictional business names, corporate names, trade names, logos, slogans, trade dress rights, registered and unregistered trademarks and service marks, Internet domain names, other indications of source or origin and registrations and applications for any of the foregoing.

“Material Adverse Effect” means any event, change, state of facts, condition, development, occurrence or effect that is or would be, individually or in the aggregate, reasonably expected to have a material adverse effect on (a) the business, operations, assets, condition (financial

or otherwise) or results of operations of the Business or the Transferred Assets, taken as a whole, or (b) the ability of the Seller or its applicable Affiliate to consummate the transactions contemplated by this Agreement or the Ancillary Agreements by the Termination Date; provided, however, that in the case of clause (a) above, any event, change, state of facts, condition, development, occurrence or effect arising out of, attributable to or resulting from the following, alone or in combination, shall not constitute or be considered in determining whether there has been a Material Adverse Effect: (i) general changes or developments in the industry in which the Business operates to the extent that such changes do not have a disproportionate impact on the Business or the Transferred Assets, taken as a whole, relative to other businesses in the same industry, (ii) changes in regional, national or international political conditions (including any outbreak or escalation of hostilities, any acts of war or terrorism or any other national or international calamity, crisis or emergency) or in general economic, business, regulatory, political or market conditions or in national or international financial markets to the extent that such changes do not have a disproportionate impact on the Business or the Transferred Assets, taken as a whole, relative to other businesses in the same industry, (iii) natural disasters or calamities to the extent that such changes do not have a disproportionate impact on the Business or the Transferred Assets, taken as a whole, relative to other businesses in the same industry, (iv) changes in any applicable Laws or applicable accounting regulations or principles or interpretations thereof to the extent that such changes do not have a disproportionate impact on the Business or the Transferred Assets, taken as a whole, relative to other businesses in the same industry, (v) the announcement or pendency of this Agreement and the transactions contemplated hereby, or the performance of this Agreement and the transactions contemplated hereby, including compliance with the covenants set forth herein, (vi) any action required by this Agreement, (vii) any actions taken (or omitted to be taken) by or at the request of the Buyer, or (viii) the failure of the Business to meet internal forecasts, budgets, metrics or milestones, but not the underlying causes of such failure unless such underlying causes would otherwise be exempted from this definition (provided that this clause (viii) shall not be construed as implying that the Seller is making any representations or warranties regarding any forecasts, budgets, metrics or milestones).

“Non-Pursue IDs” means all invention disclosures submitted pursuant to the Seller’s established invention disclosure process during the eighteen (18) months preceding the date of this Agreement (a) that are owned by the Seller or its Affiliates, (b) that relate to the Business, (c) that include at least one Business Employee as a named inventor, (d) for which a U.S. provisional patent application was filed over one (1) year prior to the date of this Agreement or the Closing Date, as applicable and (e) for which no non-provisional patent application was filed.

“Order” means any judgment, order, injunction, decree, stipulation, ruling or award, whether rendered by a court, administrative agency or other Governmental Authority, by arbitration or otherwise.

“Patents” means patents and patent applications, including all continuations, divisionals, continuations-in-part, and provisionals and patents issuing on any of the foregoing, and all reissues, reexaminations, substitutions, renewals and extensions of any of the foregoing, and comparable rights, however denominated, in any jurisdiction throughout the world.

“Permitted Exception” means (i) statutory liens for current Taxes not yet due or payable or the validity or amount of which is being contested in good faith by appropriate proceedings, (ii) mechanics’, carriers’, workers’, repairers’ and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of the Seller Parties for a period greater than 60 days, or the validity or amount of which is being contested in good faith by appropriate proceedings, or pledges, deposits or other liens securing the performance of bids, trade contracts, leases or statutory obligations (including workers’ compensation, unemployment insurance or other social security legislation), (iii) zoning, entitlement, conservation restriction and other land use and environmental regulations promulgated by Governmental Authorities and (iv) non-exclusive licenses of and covenants not to sue under Intellectual Property entered into in the ordinary course of business.

“Person” means an individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, including any Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing.

“Personal Data” means information that: (i) identifies or can be used to identify an individual (including names, signatures, addresses, telephone numbers, e-mail addresses and other unique identifiers); (ii) can be used to authenticate an individual (including employee identification numbers, government-issued identification numbers, passwords or PINs, financial account numbers, credit report information, biometric or health data, answers to security questions and other personal identifiers); or (iii) is defined as “personal data” pursuant to the GDPR.

“Post-Closing Tax Period” means any taxable period beginning after the Closing Date and the portion of any Straddle Period beginning after the Closing Date.

“Pre-Closing Tax Period” means any taxable period ending on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date.

“Privacy Obligations” means applicable Laws, contractual obligations, self-regulatory standards, or written policies or terms of use of the Seller Parties that are related to privacy, data protection or the processing of Personal Data, in each case as and to the extent applicable to the operation of the Business or to information regarding the Business Employees.

“Prosecution History Files” means all documentation relating to the Transferred Patents or Non-Pursue IDs, to the extent maintained by the Seller or its Affiliates in the ordinary course of its patent prosecution practices, including the invention disclosures and related analyses or evaluations, related correspondence with the Patent and Trademark Office and applicable assignment documentation.

“Purchase Price” means \$1,760,000,000.

“Registered IP” means all Intellectual Property that is the subject of a registration, filing or certification with, or has otherwise been issued, filed with, perfected or recorded with or by any Governmental Authority, or any applications for any of the foregoing, including United States, internal and foreign: (i) patents and patent applications (including provisional applications); (ii) registered trademarks, applications to register trademarks, intent-to-use applications, or other registrations or applications related to trademarks, (iii) registered Internet domain names, (iv) mask work registrations and applications for registration, and (v) registered copyrights and applications for copyright registration.

“Representatives” means, with respect to any Person, the officers, directors, principals, employees, agents, auditors, advisors, bankers and other representatives of such Person.

“Required Antitrust Approvals” means the approvals listed on Schedule 1.1E.

“Return” means any return, declaration, report, statement, information statement and other document filed or required to be filed with any Tax Authority with respect to Taxes.

“Seller Group” means Seller and its Subsidiaries.

“Seller Transaction Expenses” means any and all (whether or not disclosed) costs, fees and expenses (i) of outside professionals incurred by the Seller Parties or any of their respective Affiliates in connection with the negotiation, execution and consummation of the transactions contemplated herein and therein, including all legal, accounting, financial advisory, investment banking, management or other professional services fees and expenses, (ii) associated with the delivery of the Transferred Assets; provided, that costs, fees and expenses associated with the delivery of the Transferred Assets that are Seller Transaction Expenses shall not include (and the Buyer shall be responsible for) (x) movement or assembly of any tangible assets past the loading docks of a Buyer facility within a reasonable distance from (in the same metropolitan area) the Seller facility at which the asset was located or (y) the acquisition of servers or other devices in addition to those included in the Transferred Personal Property necessary to deliver data included in the Transferred Assets, and (iii) any sale, change of control, “stayaround,” retention, severance, or similar bonuses, compensation or payments to any Business Employee (other than any such bonus, compensation or payment obligation entered into by and between any Business Employee and the Buyer or its Affiliates) that are to be paid or are payable at or as a result of or in connection with the transactions contemplated by this Agreement or the Ancillary Agreements, including the employer portion of any FICA, FUTA or similar employment taxes payable by the Buyer with respect to such payments, but reduced by the value of any Tax deduction that the Buyer determines in good faith would be realized in connection with such payments.

“Software” means all (i) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code or other form, including libraries, subroutines and other components thereof, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow-charts, architectures, development tools, and other materials and work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (iv) documentation, including development, diagnostic, support, user manuals, and other training documentation, related to any of the foregoing.

“Straddle Period” means any taxable period beginning on or prior to and ending after the Closing Date.

“Subsidiary” means, with respect to any Person, any other Person of which at least 50% of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by such first Person.

“Tax Action” means any claim, action, suit, complaint, arbitration, audit, investigation, review, assessment, notice of deficiency or other proceeding relating to any Tax or Return by or before any Tax Authority.

“Tax Authority” means any Governmental Authority responsible for the imposition, determination or collection of any Tax or the audit, investigation or review of any Return.

“Taxes” means (a) any and all taxes of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed, assessed, or collected by or under the authority of any Tax Authority, including any income, franchise, windfall or other profits, gross receipts, property, capital gains, sales, use, capital stock, payroll, employment, social security, workers’ compensation, unemployment compensation, or net worth taxes and taxes in the nature of an excise tax, withholding tax, ad valorem tax, business tax, transfer tax, stamp tax, estimated tax, surtax or value added tax.

“Technology” means all technology, techniques, processes, designs, design rules, inventions (whether or not patented or patentable), plans, discoveries, ideas, concepts, methods, specifications, communication protocols, algorithms, routines, logic information, register-transfer levels, netlists, verilog files, simulations, emulation and simulation reports, test vectors and procedures, protocols, works of authorship, mask works, Software, files, information, documentation, data, databases, firmware, devices and hardware and other scientific or technical information or materials, in whatever form and other tangible embodiments of the foregoing, whether or not embodying or associated with Intellectual Property Rights. For the avoidance of doubt, Technology does not include any Intellectual Property Rights.

“Trade Law” means the FCPA, the U.S. Travel Act, the U.S. Domestic Bribery Statute contained in 18 U.S.C. §201, the Money Laundering Control Act (1986), the Uniting and Strengthening America by Providing Appropriate Tools to Restrict, Intercept, and Obstruct Terrorism Act of 2001 (the USA PATRIOT Act), the International Traffic in Arms Regulations (22 C.F.R. §§ 120 et seq.), the U.S. Export Administration Regulations (15 C.F.R. §§730 et seq.), the International Boycott Provisions of Section 999 of the Code, the UK Bribery Act 2010, the UK Proceeds of Crime Act 2002, or any state, federal, domestic, foreign, or international anti-corruption, anti-bribery, anti-kickback, anti-fraud, anti-money laundering, anti-terrorist financing, anti-narcotics, anti-boycott, export control, sanctions (including, but not limited to, regulations issued by the United States Department of the Treasury’s Office of Foreign Assets Control, and any underlying Executive Orders and Acts of Congress), embargo, import control, customs, tax, insider trading, insurance, banking, false claims, anti-racketeering, or other Law of similar effect.

“Transfer Tax” means all transfer and similar Taxes imposed as a result of the transactions contemplated hereby, including documentary, recording, registration, stamp duty, transfer, real estate transfer, sales and use, value added, goods and services tax, bonding, debonding, and similar Taxes and fees in all jurisdictions whenever and wherever imposed and shall include all such Taxes payable in relation to any deemed or indirect transfer of assets or property as a result of the transactions contemplated hereby and all penalties, surcharges, charges, interest and additions thereto. For the sake of clarity, “Transfer Tax” shall not include any income, franchise, withholding or similar Taxes.

“Transition Services Agreement” means the agreement in the form of Exhibit C hereto.

“Treasury Regulations” means the regulations promulgated under the Code.

“Wind-Down” means that within the required timeframe, the Person or business acquired in the Acquisition has (x) ceased to engage in any product development in the Competing Business, (y) ceased to engage in customer design activity, and (z) sent an “end of life” notice with respect to all products of the Competing Business within one (1) month after the closing of the Acquisition and, in any event, ceased all customer shipments within twelve (12) months of the closing of the Acquisition.

Section 1.2 Table of Definitions. The following terms have the meanings set forth in the Sections referenced below:

Definition Location

Acquisition 5.10(b)(i)

AgreementPreamble

Alien 5.5(h)
Employees

Allocation6.1(c)
Dispute
Notice

Alternative8.5(b)
Recovery

Arbiter6.1(b)

Assumed2.1(a)
Contracts

Assumed2.1(b)
Leases

Assumed 2.3
Liabilities

Basket 8.5(a)(i)
Amount

Business 3.13(j)
Information
Systems

Business 3.5(a)
Statements

BuyerPreamble

Buyer 8.2
Indemnified
Parties

Buyer 7.2(a)
Materiality
Qualifiers

BuyerRecitals
Party

Buyer 5.5(c)
Savings
Plan

Buyer 5.5(d)(i)
Welfare
Benefit
Plans

CFIUS5.7(c)(ii)
Notice

Claim 8.4(a)
Information

Claim 8.4(e)
Notice

Closing2.7

Closing2.7
Date

COBRA 5.5(d)(ii)
Obligations

Competing5.10(a)
Business

Confidentiality5.6(a)
Agreement

Contributor3.13(g)

DisclosureIII
Schedules

Discussion6.1(c)
Period

Dispute 6.1(b)
Statement

Eligible5.16
Patents

Environmental3.15(b)(i)
Laws

Environmental3.15(b)(ii)
Permits

Excluded2.2
Assets

Excluded 2.4
Liabilities

Exploitation5.10(d)

Final 6.1(c)
Allocation

Final 6.1(b)
Seller
Allocation
Schedule

Gibson2.2(o)
Dunn

ID Filed 5.16(b)
Applications

Illegal 3.7(c)
Activities

Indemnification8.1(a)
Ancillary
Agreements

Indemnified8.4(a)
Party

Indemnifying8.4(a)
Party

Institution3.13(h)

Inventory2.1(g)

Losses8.2

Material 3.16(a)

Contracts

Non- 5.10(d)

Competing

Products

Non- 5.9(a)

Transferring

Employee

Permits3.7(b)

PMIC5.8(e)

Proposed 6.1(c)

Allocation

Related3.20

Person

Required5.7(a)

Filing

Restricted3.7(c)

Benefits

Restricted5.10(a)

Entities

Restriction5.10(a)

Period

SellerPreamble

Seller 6.1(b)

Allocation

Schedule

Seller 5.6(a)

Continuing

Confidential

Information

Seller 5.9(b)

Employee

Seller 8.1(a)

Fundamental

Representations

Seller 8.3

Indemnified

Parties

Seller 7.3(a)

Materiality

Qualifiers

SellerRecitals
Party

Seller 5.5(c)
Savings
Plan

Seller 5.5(d)(i)
Welfare
Benefit
Plans

Significant3.17(a)
Customer

Significant3.17(a)
Supplier

Tax 6.1(a)
Purchase
Price

Termination9.1(c)
Date

Third 8.4(a)
Party
Claim

Trade 3.7(d)
Licenses

Transferred2.1
Assets

Transferred 5.6(a)
Confidential
Information

Transferred5.5(a)
Employees

Transferred2.1(d)
Intellectual
Property

Transferred2.1(d)
Non-Patent
Intellectual
Property

Transferred2.1(c)
Patents

Transferred2.1(f)
Personal
Property

Transferred2.1(h)
Products

Transferred2.1(e)
Technology

Article II PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets. Upon the terms and subject to the conditions of this Agreement, at the Closing, the Seller Parties shall sell, assign, transfer, convey and deliver to the Buyer, or one of the other Buyer Parties, all of the Seller Parties' right, title and interest as of the Closing Date in and to the Transferred Assets, free and clear of all Encumbrances other than Permitted Exceptions, and the Buyer, or one of the other Buyer Parties, shall purchase, acquire, accept and pay for the Transferred Assets and assume the Assumed Liabilities. "Transferred Assets" shall mean all of the Seller Parties' right, title and interest in and to the following enumerated assets (other than the Excluded Assets), as they exist at the time of the Closing, as set forth below:

(a) all rights of the Seller Parties under the contracts and agreements listed on Schedule 2.1(a) of the Disclosure Schedules (such agreements, together with the Assumed Leases, the "Assumed Contracts");

(b) all leaseholds and other interests in real property pursuant to the leases listed in Schedule 2.1(b) of the Disclosure Schedules (the "Assumed Leases");

(c) (i) all Patents listed in Schedule 2.1(c)(i) of the Disclosure Schedules as determined pursuant to Section 5.16(a) (which Schedule 2.1(c)(i) shall be updated by the Seller prior to Closing to add certain invention disclosures set forth on Schedule 2.1(c)(ii) as of the date hereof for which Patent applications were filed prior to Closing as provided in Section 5.16(b)) and (ii) all invention disclosures listed in Schedule 2.1(c)(ii) of the Disclosure Schedules (which, pursuant to Section 5.16(b), Schedule 2.1(c)(ii) shall be updated by the Seller prior to Closing to (x) add invention disclosures submitted pursuant to the Seller's established invention disclosure process that are relating to the Business and that name a Business Employee as an inventor, and (y) remove invention disclosures for which patent applications were filed between the date of this Agreement and the Closing Date (the "Transferred Patents"));

(d) all Intellectual Property (other than Patents and Technology), including the Non-Pursue IDs, listed in Schedule 2.1(d) of the Disclosure Schedules (the "Transferred Non-Patent Intellectual Property," and, together with the Transferred Patents, the "Transferred Intellectual Property");

(e) all Technology that is listed in Schedule 2.1(e) of the Disclosure Schedules (the "Transferred Technology");

(f) all equipment and other tangible personal property listed on Schedule 2.1(f) of the Disclosure Schedules, as updated by the Seller three Business Days prior to the Closing Date with such changes as the Seller may make that do not in the aggregate materially adversely affect the nature and value of such equipment and other tangible personal property compared to the nature and value of such equipment and other tangible personal property in the aggregate reflected on the Schedule 2.1(f) of the Disclosure Schedules as delivered on the date hereof and to which the Buyer consents (which consent shall not be unreasonably withheld, conditioned or delayed) (the "Transferred Personal Property");

(g) all raw materials, work-in-progress, finished goods, and other inventories of the Transferred Products, which shall be listed on Schedule 2.1(g) of the Disclosure Schedules delivered by the Seller on the Closing Date (an example of Schedule 2.1(g) of the Disclosure Schedules as of the date hereof is included in the Disclosure Schedules); the Seller will provide a preliminary Schedule 2.1(g) of the Disclosure Schedules ten (10) Business Days prior to the Closing Date and will provide a final, complete and correct Schedule 2.1(g) of the Disclosure Schedules as of the Closing Date on the Closing Date (the "Inventory");

(h) the products of the Business listed on Schedule 2.1(h) of the Disclosure Schedules, including (i) the products listed on such schedule that are currently under development and (ii) modifications, extensions and improvements as of the Closing Date to any of such listed products (the "Transferred Products");

(i) prepaid expenses and deposits and refunds under the Assumed Contracts;

(j) to the extent legally transferrable, all third party warranties, indemnities and guarantees with respect to any Transferred Personal Property; and

(k) the Books and Records.

Section 2.2 Excluded Assets. Notwithstanding anything contained in Section 2.1 to the contrary, the Seller is not selling, and the Buyer Parties are not purchasing, any assets other than those specifically described in Section 2.1, and without limiting the generality of the foregoing, the term “Transferred Assets” shall expressly exclude the following assets of the Seller, all of which shall be retained by the Seller (collectively, the “Excluded Assets”):

(a) all of the Seller Parties’ cash and cash equivalents, accounts receivable, deferred charges and prepaid items, except as set forth in Section 2.1(i);

(b) the Seller Parties’ corporate books and records of internal corporate proceedings, tax records, work papers and books and records, except as set forth in Section 2.1(k);

(c) all of the Seller Parties’ bank accounts;

(d) all accounting records (including records relating to Taxes) and internal reports relating to the business activities of the Seller Parties, except as set forth in Section 2.1(k);

(e) any interest in or right to any refund of Taxes relating to the Business, the Transferred Assets or the Assumed Liabilities for, or applicable to, any Pre-Closing Tax Period;

(f) all Permits of the Seller Parties, including import and export licenses;

(g) all rights of the Seller Parties with respect to Contracts that are not Assumed Contracts;

(h) interests in real property other than pursuant to the Assumed Leases;

(i) any insurance policies and rights, claims or causes of action thereunder;

(j) except as specifically provided in Section 5.5, any assets relating to any Employee Plan;

(k) all rights, claims and causes of action relating to any Excluded Asset or any Excluded Liability;

(l) Business Products that are not Transferred Products;

(m) all Patents of the Seller Parties that are not Transferred Patents, including the Patents listed on Schedule 2.2(m) of the Disclosure Schedule as determined pursuant to Section 5.16.

(n) all rights of the Seller Parties under this Agreement and the Ancillary Agreements; and

(o) all confidential communications between the Seller and its Affiliates, on the one hand, and Gibson, Dunn & Crutcher (“Gibson Dunn”), on the other hand, relating to the Business or the Transferred Assets or arising out of or relating to the negotiation, execution or delivery of this Agreement or the transactions contemplated hereby, including any attendant attorney-client privilege, attorney work product protection, and expectation of client confidentiality applicable thereto, and including any information or files in any format of Gibson Dunn in connection therewith.

Section 2.3 Assumed Liabilities. In connection with the purchase and sale of the Transferred Assets pursuant to this Agreement, at the Closing, the Buyer, or one of the other Buyer Parties, shall assume and pay, discharge, perform or otherwise satisfy the following Liabilities and obligations of the Seller Parties arising out of, relating to or otherwise in respect of the Business or the Transferred Assets (the “Assumed Liabilities”):

(a) all Liabilities accruing, arising out of or relating to the conduct or operation of the Business or the ownership or use of the Transferred Assets from and after the Closing Date, except that no Buyer Party shall assume or agree to pay, discharge or perform any Liabilities arising out of any breach of any provision of any Assumed Contract by a Seller Party prior to the Closing Date;

(b) any Taxes arising out of or relating to the operation of the Business or that are imposed with respect to the Transferred Assets that are attributable to a Post-Closing Tax Period (including any Taxes to be paid by a Buyer Party pursuant to Article VI);

(c) all Liabilities of the Seller Parties under the Assumed Contracts to be performed on or after, or in respect of periods following, the Closing Date, except that no Buyer Party shall assume or agree to pay, discharge or perform any Liabilities arising out of any breach by a Seller Party of any provision of any Assumed Contract;

(d) all Liabilities in respect of Transferred Products manufactured, marketed, distributed or sold by the Business after the Closing Date, including any such Liabilities arising out of or relating to infringement or misappropriation of Intellectual Property Rights of any third party; and

(e) all Liabilities (i) relating to the employment or termination of employment of any Transferred Employee by the Buyer or an Affiliate thereof following the Closing or (ii) expressly assumed by the Buyer pursuant to Section 5.5.

The Buyer’s assumption of an Assumed Liability shall not limit the Buyer’s right to seek indemnification under this Agreement for a breach of representation and warranty. Notwithstanding anything to the contrary herein, the assumption of the Assumed Liabilities by the Buyer Parties shall not enlarge any rights of third parties under contracts or arrangements with any Seller Party or Buyer Party, and nothing herein shall prevent any Buyer Party or Seller Party from contesting in good faith any such Liabilities with any third party.

Section 2.4 Excluded Liabilities. Notwithstanding any other provision of this Agreement to the contrary, the Buyer Parties are not assuming and the Seller Parties shall pay, perform or otherwise satisfy, all Liabilities other than the Assumed Liabilities (the “Excluded Liabilities”), including the following:

(a) all Liabilities accruing, arising out of or relating to the conduct or operation of the Business or the ownership or use of the Transferred Assets prior to the Closing Date;

(b) Liabilities for Excluded Taxes;

(c) Seller Transaction Expenses;

(d) all Liabilities in respect of Business Products manufactured, marketed, distributed or sold by the Business before the Closing Date;

(e) Liabilities arising out of or relating to Actions or threatened Actions to the extent involving or relating to the operation of the Business and the Transferred Assets prior to the Closing Date;

(f) any Liability pursuant to any Environmental Law arising from or relating to any action, event, circumstance or condition occurring or existing on or prior the Closing Date;

(g) all Liabilities (i) retained by the Seller Parties pursuant to Section 5.5, (ii) arising from or in respect of the employment of any Transferred Employee by the Seller Parties prior to the Closing, (iii) arising from or in respect of the employment or termination of employment of

any Business Employee on or prior to the Closing, including any gratuity payment, severance, notice or other payment or benefit due on the termination of employment of any Business Employee at the Closing, (iv) arising from the employment or termination of employment of any current or former employee or service provider of the Seller Parties other than, in each case, any Transferred Employee following the Closing, and (v) arising from or in respect of any Employee Plan, whenever arising;

- (h) any indebtedness for borrowed money or guarantees thereof outstanding as of the Closing Date;
- (i) accounts payable of the Seller Parties incurred in connection with the operation of the Business prior to the Closing Date; and
- (j) any Liability or obligation relating to an Excluded Asset.

Section 2.5 Consents to Certain Assignments.

(a) Notwithstanding anything in this Agreement or any Ancillary Agreement to the contrary, this Agreement and the Ancillary Agreements shall not constitute an agreement to transfer or assign any asset, permit, claim or right or any benefit arising thereunder or resulting therefrom if an attempted assignment thereof, without the consent of a third party, would constitute a breach or other contravention under any agreement or Law to which a Seller Party is a party or by which it is bound, or if any attempted assignment would adversely affect the rights of a Seller Party thereunder so that the Buyer Parties would not in fact receive all such rights or the Seller Party would forfeit or otherwise lose the benefit of rights that the Seller Party is entitled to retain.

(b) If any such consent is not obtained prior to Closing and as a result thereof the Buyer Parties shall be prevented by such third party from receiving the rights and benefits with respect to such Transferred Asset intended to be transferred hereunder, or if any attempted assignment would adversely affect the rights of a Seller Party thereunder so that the Buyer Parties would not in fact receive all such rights or the Seller Party would forfeit or otherwise lose the benefit of rights that the Seller Party is entitled to retain, the Seller and the Buyer shall: (i) cooperate in any lawful and commercially reasonable arrangement, as the Seller and the Buyer shall agree, under which the Buyer Parties would, to the extent practicable and for a period of no more than 18 months following the Closing Date, obtain the economic claims, rights and benefits under such asset and assume the economic burdens and obligations with respect thereto in accordance with this Agreement, including by subcontracting, sublicensing or subleasing to the Buyer; provided, that all reasonable out-of-pocket administrative expenses of such cooperation and related actions shall be shared equally by the Buyer and the Seller, (ii) enforce at the request of the Buyer any rights of the Seller arising from such asset against the issuer thereof or other party or parties thereto (including the right to elect to terminate such asset in accordance with the terms thereof upon the advice of the Buyer), and (iii) continue to hold and operate such asset in all material respects in the ordinary course of business and taking into account the transactions contemplated by this Agreement and the Ancillary Agreements. For the avoidance of doubt, as provided in Section 5.12, the Seller Parties shall not be required to make any payments in respect of any consent to assignment or any third party license to be obtained by the Buyer Parties. The Seller shall promptly pay to the Buyer when received all monies received by the Seller Parties under such Transferred Asset or any claim or right or any benefit arising thereunder and the Buyer shall indemnify and promptly pay the Seller for all Liabilities of the Seller Parties associated with such Transferred Asset. To the extent that the parties are not successful in providing the economic claims, rights and benefits under a Transferred Asset to the Buyer Parties within 18 months following the Closing, such asset will cease to be a Transferred Asset and the Buyer Parties shall assume no Liabilities with respect to such asset.

Section 2.6 Closing Consideration. In consideration for the sale, assignment, transfer, conveyance and delivery of the Transferred Assets to the Buyer or one of the other Buyer Parties, at the Closing, (a) the Buyer or one of the other Buyer Parties shall pay to the Seller or one or more other Seller Parties, as identified by the Seller, by wire transfer to bank account(s) designated in writing by the Seller to the Buyer at least five Business Days prior to the Closing Date, an amount equal to the Purchase Price in immediately available funds in United States dollars and (b) the Buyer or one or more of the other Buyer Parties shall assume the Assumed Liabilities.

Section 2.7 Closing.

(a) The sale and purchase of the Transferred Assets and the assumption of the Assumed Liabilities contemplated by this Agreement shall take place at a closing (the "Closing") to be held at the offices of Gibson, Dunn & Crutcher LLP, 555 Mission Street, San Francisco at 10:00 a.m. California time, or remotely via electronic transmission of related documentation or other similar means, on the fifth (5th) Business Day following the satisfaction or, to the extent permitted by applicable Law, waiver of all conditions to the obligations of the parties set forth in Article VII has occurred (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date, but subject to the satisfaction of such conditions on the Closing Date), or at such other place or at such other time or on such other date as the Seller

and the Buyer mutually may agree in writing. The day on which the Closing takes place is referred to as the “Closing Date” and the Closing shall be deemed to have occurred on 12:01 a.m. California time on the Closing Date.

(b) At the Closing, the Seller shall deliver or cause to be delivered to the Buyer:

(i) the Transferred Assets, in accordance with Schedule 2.7(b) of the Disclosure Schedules (as such schedule may be updated between the date of this Agreement and the Closing Date with such changes as agreed in good faith by the Seller and the Buyer as necessary or reasonable to provide for the delivery of the Transferred Assets in an effective and efficient manner);

(ii) a certificate, dated as of the Closing Date, signed by a duly authorized officer of the Seller, confirming the satisfaction of the conditions specified in Sections 7.3(a) and (b);

(iii) an executed counterpart of each of the Ancillary Agreements to which a Seller Party is a party, signed by the Seller or its applicable Affiliate; and

(iv) a copy of the “Project Catalina” electronic room hosted by Intralinks with respect to the Business as of the Closing Date, excluding the “Clean Room” folder thereof, the delivery of which shall not in and of itself cause the contents thereof to become Transferred Assets if they would not otherwise be Transferred Assets hereunder.

(c) At the Closing, the Buyer shall deliver or cause to be delivered to the Seller:

(i) the Purchase Price, as set forth in Section 2.6;

(ii) a certificate, dated as of the Closing Date, signed by a duly authorized officer of the Buyer, confirming the satisfaction of the conditions specified in Section 7.2(a); and

(iii) an executed counterpart of each of the Ancillary Agreements to which a Buyer Party is a party, signed by the Buyer or its applicable Affiliate.

Section 2.8 Withholding. The Buyer Parties shall be entitled to deduct and withhold from any amounts otherwise payable hereunder such amounts as are required to be deducted or withheld from such amounts under the Code, the Treasury Regulations or any provision of any other Tax Law (including any state, local or foreign Tax Law). In the event that the Buyer Parties determine that such deduction or withholding is required, the Buyer Parties shall notify the Seller of such determination at least ten (10) days prior to the Closing Date, and shall reasonably cooperate with the Seller to claim any benefits or reduce and/or eliminate any such withholding Taxes. The Buyer shall take all actions that may be necessary to ensure that any such amounts so deducted or withheld are promptly and properly remitted to the appropriate Tax Authority in accordance with the applicable law. To the extent that amounts are so deducted or withheld and remitted to the appropriate Tax Authority and provides the Seller with evidence reasonably satisfactory to the Seller with respect thereto, such amounts shall be treated for all purposes of this Agreement as having been paid to the party otherwise entitled to receive such payment pursuant to this Agreement.

Article III

REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth in the corresponding section of the Disclosure Schedules attached hereto (collectively, the “Disclosure Schedules”) (giving effect to Section 10.10), the Seller hereby represents and warrants to the Buyer as of the date hereof and as of the Closing Date as follows:

Section 3.1 Organization and Qualification.

(a) Each of the Seller Parties is duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation and has all necessary corporate power and authority to (i) own, lease and operate the Transferred Assets owned by it and (ii) carry on the Business as it is now being conducted by it.

(b) Each Seller Party is duly qualified and licensed to do business as a foreign corporation in, and is in good standing (where such concept is applicable) in, each jurisdiction where the character of the properties owned, leased, or operated by it or the nature of its activities makes such licensing necessary, except, in each case, where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

Section 3.2 Authority. The Seller has all requisite corporate power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and to consummate the transactions contemplated hereby and thereby. Each other Seller Party has all requisite power and authority to execute and deliver each of the Ancillary Agreements to which it will be a party, to perform its obligations thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Seller of this Agreement and by each Seller Party of each of the Ancillary Agreements to which it will be a party and the consummation by each Seller Party of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action. This Agreement has been, and upon their execution each of the Ancillary Agreements will have been, duly executed and delivered by each Seller Party that is a party thereto and, assuming due execution and delivery by each of the other parties hereto, this Agreement constitutes, and upon their execution each of the Ancillary Agreements will constitute, the legal, valid and binding obligation of each Seller Party that is a party thereto, enforceable against such Seller Party in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 3.3 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance by the Seller of this Agreement and by each Seller Party of each of the Ancillary Agreements to which it is a party, and the consummation of the transactions contemplated hereby and thereby do not and will not:

(i) conflict with or violate the certificate of incorporation or bylaws or similar organizational documents of any Seller Party;

(ii) conflict with or violate any Law applicable to any Seller Party, the Business or any of the Transferred Assets or by which any Seller Party, the Business or any of the Transferred Assets may be bound or affected;

(iii) conflict with, result in any breach of, result in the loss of any right or benefit of, cause acceleration of, or constitute a default (or an event that, with notice or lapse of time or both, would become a default) (or give rise any right to terminate, cancel, amend or accelerate) under, or require any consent of any Person not listed on Schedule 3.3(a)(iii) of the Disclosure Schedules pursuant to, any Material Contract; or

(iv) result in the creation or imposition of any Encumbrance on the Transferred Assets;

except, in the case of clause (ii) or (iii), for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, reasonably be expected to be material to the Transferred Assets or the Assumed Liabilities, taken as a whole, or prevent, materially delay or materially impede the performance by the Seller Parties of their respective obligations under this Agreement and the Ancillary Agreements or the consummation of the transactions contemplated hereby and thereby.

(b) The Seller Parties are not required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance by the Seller Parties of this Agreement or any Ancillary Agreements or the consummation of the transactions contemplated hereby and thereby, except (i) the Required Antitrust Approvals and the CFIUS Approval, (ii) where failure to obtain such notice, authorization, approval, order, permit, or consent, or to make such filing or notification, would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect or prevent, materially delay or materially impede the performance by the Seller Parties of their obligations under this Agreement or the consummation of the transactions contemplated hereby and thereby or (iii) as may be necessary as a result of any facts or circumstances relating to the Buyer or any of its Affiliates.

Section 3.4 Transferred Assets.

(a) The Seller Parties have good, valid and marketable title to, or have other legal rights to possess and use, all of the Transferred Assets, free and clear of all Encumbrances (including Encumbrances resulting from any indebtedness of any Seller Party), other than Permitted Exceptions. This Agreement, the Ancillary Agreements and the instruments and documents to be delivered by the Seller Parties to the Buyer Parties at or following the Closing shall be adequate and sufficient to transfer to the Buyer or one of its Affiliates the Seller Parties' entire right, title and interest in and to the Transferred Assets, subject to Section 2.5.

(b) The transfer to the Buyer Parties of the Transferred Assets pursuant to this Agreement, together with the Buyer's rights under this Agreement and the Ancillary Agreements, comprise the assets (tangible and intangible, excluding Intellectual Property) required to operate the Business as currently conducted and are sufficient for the continued conduct of the Business immediately after the Closing in substantially the same manner in all material respects as such operations are being conducted by the Seller Parties immediately preceding the date of this Agreement, except that (i) the Seller Parties will not be assigning to the Buyer Parties the agreements listed on Schedule 3.4(b) of the Disclosure Schedules with customers, manufacturers, distributors, vendors, contractors or suppliers or equipment lessors of the Business, and the Buyer Parties will have to secure its own agreements with such parties; (ii) the Seller Parties are not transferring all real property currently used by the Business and the Buyer Parties will have to secure their own real property; (iii) except as otherwise set forth in the Transition Services Agreement, the Business will no longer have the benefit of any of the Seller Group's (a) shared resources including manufacturing, operations (including product test engineering, package design, product engineering and supply chain management), central engineering, sales operations, finance, human resources, IT, facilities, legal services or legal personnel, except to the extent included as a Business Employee or (b) insurance policies, and (iv) the Seller Parties will not provide any access to any employee benefit plans of the Seller Group to any Business Employee after the Closing Date.

(c) Except for the Excluded Intellectual Property identified on Schedule 3.4(c) of the Disclosure Schedules, the Transferred Intellectual Property, together with the Licensed Intellectual Property, the third-party Intellectual Property in-licensed under the Assumed Contracts, and the services provided to the Buyer Parties pursuant to the Transition Services Agreement, constitutes all of the material Intellectual Property owned or used by Seller to develop, have manufactured and commercialize the Transferred Products as of the Closing Date. For the avoidance of doubt, this Section 3.4(c) is not intended to be a representation as to infringement or non-infringement of any third party Intellectual Property.

Section 3.5 Financial Statements.

(a) Attached as Schedule 3.5(a) of the Disclosure Schedules are true and correct copies of the unaudited statement of revenues and statement of profits and losses for the Business for the fiscal years ended February 2, 2019 and February 3, 2018 (the "Business Statements").

(b) The Business Statements (i) are correct in all material respects, (ii) fairly present, in all material respects, the financial position and results of operations of the Business as at the respective dates thereof and for the respective periods and (iii) have been prepared in accordance with books and records regularly maintained by the Seller and were subject to the Seller's internal controls, which controls are in accordance with accounting practice customary for a business of its type. The revenues reflected in the Business Statements have been determined in accordance with GAAP based on and in conformity with the revenue recognition policy of the Seller.

Section 3.6 Absence of Certain Changes or Events. Except as expressly contemplated by this Agreement:

(a) Since February 2, 2019 through the date of this Agreement, the Seller Parties have operated the Business in the ordinary course of business in all material respects and has not changed the nature or scope of the Business in any material respect.

(b) Since the February 2, 2019 through the date of this Agreement, there has not occurred any event, change, state of facts, condition, development, occurrence or effect that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.7 Compliance with Law; Permits.

(a) The operation of the Business and the use and ownership of Transferred Assets by the Seller is in material compliance with, and since January 1, 2017 has been in material compliance with, all applicable Laws, and the Seller is not in violation in all material respects of

any such Laws in respect of the Transferred Assets or the Business.

(b) The Seller Parties are in possession of all permits, licenses, franchises, approvals, certificates, consents, waivers, concessions, exemptions, orders, registrations, notices or other authorizations of any Governmental Authority necessary for them to own, lease and operate the Transferred Assets and to carry on the Business as currently conducted (the “Permits”), except where the failure to have, or the suspension or cancellation of, any of the Permits would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(c) Since January 1, 2016, none of the Seller Parties, their respective directors, officers and employees, or, to the Knowledge of the Seller, other Persons acting on behalf, at the direction of or under the control of any Seller Party in relation to the Business or the Transferred Assets or Assumed Liabilities (i) has violated, has caused other Persons to be in violation of, is currently violating, or is reasonably expected to violate the FCPA or any other Trade Laws; (ii) has with a corrupt or improper intention directly or indirectly (through other Persons) paid, provided, promised, offered, or authorized the payment or provision of money, a financial advantage, favor, or anything else of value to a Government Official or any other Person whether in the public or private sector for purposes of obtaining, retaining, or directing permits, licenses, favorable tax or duty decisions, court decisions, special concessions, contracts, business, or any other improper advantage; (iii) has with a corrupt or improper intention otherwise offered, promised, authorized, provided, or incurred any bribe, kickback, payment, expense, contribution, gift, gratuity, favor, entertainment, travel or other benefit or advantage (“Restricted Benefits”) to or for the benefit of any Government Official or other Person whether in the public or private sector; (iv) has solicited, accepted, or received any Restricted Benefits from any Person; (v) has established or maintained any slush fund or other unlawful, unrecorded, or off-the-books fund or account; (vi) has inserted, concealed, or misrepresented corrupt, illegal, fraudulent, or false payments, expenses, or other entries in the books and records of the Seller Parties; (vii) is a Government Official; (viii) has laundered, concealed, or disguised the existence, illegal origins, and/or illegal application of, criminally derived income/assets; (ix) has knowingly used or dealt with funds or proceeds derived from illegal activities such as corruption, fraud, embezzlement, drug trafficking, arms smuggling, prostitution, organized crime, or terrorism (“Illegal Activities”); or (x) has knowingly used any funds to finance Illegal Activities.

(d) The Seller Parties, and to the Seller’s Knowledge, any other Persons acting on behalf, at the direction of or under the control of the Seller Parties in relation to the Business or the Transferred Assets or Assumed Liabilities, since January 1, 2016, (i) have not made or authorized any unlawful import into or export from the United States in violation of U.S. Trade Laws; (ii) have not engaged in any Business in, or provided, sold to, or otherwise transferred, without any required approval from the U.S. Government, any products, software, technology, or services, directly or indirectly, to Iran, Cuba, North Korea, Sudan, Syria, the Crimea Region of Ukraine, or any other country or region subject to comprehensive or partial U.S. sanctions or any instrumentality, agent, entity, or individual acting on behalf of, or directly or indirectly owned or controlled by, (1) any Governmental Authority of such countries or regions, or (2) any person resident or established therein; (iii) have obtained all registrations, approvals or licenses necessary for importing, exporting or providing products and services in accordance with all applicable Trade Laws (“Trade Licenses”) and all such Trade Licenses are valid, current, and in full force and effect and (iv) have conducted the Business in accordance with all applicable export, import, and other Trade Laws and Trade Licenses. The Seller made available to the Buyer the export classifications of the Business Products.

(e) None of the Seller Parties or their respective directors, officers or employees, or to the Seller’s Knowledge, other Persons acting under the control of, at the direction of or for the benefit of the Seller Parties involved with the Business or the Transferred Assets or Assumed Liabilities, customers of, or any other third parties engaged by, the Business (i) is or has been at any time since January 1, 2016, a national or resident of Iran, Cuba, North Korea, Sudan, Syria, the Crimea Region of Ukraine, or any other country or region that is or was at any time since January 1, 2016 subject to comprehensive U.S. sanctions; (ii) appears or at any time since January 1, 2016 has appeared on the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, or any other list of sanctioned, embargoed, blocked, criminal, or debarred persons maintained by any U.S. or non-U.S. Governmental Authority, the European Union, Interpol, the United Nations, the World Bank, or any other public international organization; or (iii) is otherwise the subject of any sanctions, suspensions, embargoes or debarment by the U.S. Government or any other Governmental Authority or public international organization, including by reason of being owned or controlled by any of the foregoing.

(f) Since January 1, 2016, none of the Seller Parties, and to the Seller’s Knowledge, other Persons acting on behalf, at the direction of or under the control of the Seller Parties in relation to the Business or the Transferred Assets or Assumed Liabilities has participated or been asked to participate directly or indirectly in any boycotts or other similar practices in violation of, or triggering penalties under, the regulations of the United States Department of Commerce or Section 999 of the Code.

(g) Since January 1, 2016, none of the Seller Parties, their respective directors, officers and employees, or, to the Knowledge of the Seller, other Persons acting on behalf, at the direction of or under the control of any Seller Party involved with the Business or the Transferred Assets or Assumed Liabilities, (i) is or has been the subject of any past, present, future, or threatened Action, allegation, or whistleblower or other complaint or has undertaken or caused any internal investigation regarding an actual or alleged violation of any Trade Law; (ii) is reasonably

expected to become the subject of or associated with any Action in relation to a violation of any Trade Law; (iii) has made or intends to make, any disclosure (voluntary or otherwise) to any Governmental Authority with respect to any actual or potential violation of or liability arising under or relating to any Trade Law.

(h) The Seller Parties have implemented and maintain policies, procedures, internal controls, and compliance programs in relation to the Business designed to ensure, and which are reasonably expected to continue to ensure, compliance with the FCPA and other Trade Laws.

Section 3.8 Litigation. Since January 1, 2017 through the date hereof, there is no civil, criminal or administrative Action by or against the Seller Parties with respect to the Business or the Transferred Assets pending, threatened in writing, or to the Knowledge of the Seller, threatened orally that would, individually or in the aggregate, reasonably be expected to be material to the Business. There is no Action pending, or to the Knowledge of the Seller, threatened, seeking to prohibit the transactions contemplated by this Agreement and the Ancillary Agreements. None of the Seller Parties is, or since January 1, 2017 has been, subject to any Order relating to the Business, the Transferred Assets or the Assumed Liabilities.

Section 3.9 Employee Plans.

(a) Schedule 3.9(a)(i) of the Disclosure Schedules sets forth, as of the date hereof, to the extent permitted under applicable Privacy Obligations, a list of each Business Employee, such Business Employee's employing legal entity, job title (and if different from such job title, position), status as exempt/non-exempt from applicable wage and hour Laws and full or part-time status, base salary, bonus opportunities, commission payments and other compensation payable to such Business Employee in the Seller's fiscal 2020, the Business Employee's date of hire, the Employee Plans in which such Business Employee is eligible to participate, visa/work permit type and status (as applicable), and the primary geographic location of their employment with the Seller Parties, as of the date hereof, broken down into the following categories: (i) active, (ii) inactive on leave of absence with reemployment rights and (iii) on short-term disability under the Seller Group's short-term disability policy. The Seller shall provide an updated version of Schedule 3.9(a)(i) of the Disclosure Schedules effective on or about the date that is thirty (30) days prior to the anticipated Closing Date To the Knowledge of the Seller, as of the date hereof, no Business Employee at or above the level of Senior Director or with annualized compensation in excess of \$200,000 has provided notice that he or she intends to terminate his or her employment with the Seller. The Seller has provided or made available to the Buyer a summary of all material Employee Plans.

(b) With respect to the Employee Plans: (i) no event has occurred and, to the Knowledge of the Seller, there exists no condition or set of circumstances in connection with which the Seller or any of its Affiliates could be subject to any material Liability under the terms of such Employee Plan, ERISA or the Code, or other applicable Law in respect of any Business Employees, (ii) to the Knowledge of the Seller, each of the Employee Plans has been operated and administered in all material respects in accordance with its terms and applicable Law and administrative or governmental rules and regulations, including ERISA and the Code and (iii) each Employee Plan intending to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination or opinion letter as to such qualification from the IRS and, to the Knowledge of the Seller, no event has occurred, either by reason of any action or failure to act, which would cause the loss of any such qualification. All required contributions to Employee Plans have been made or properly accrued.

(c) None of the Seller Parties or any of their ERISA Affiliates has, within the preceding six-year period, maintained, established, sponsored participated in, contributed to or had any Liability in respect of, any Employee Plan which is a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA) or a single employer pension plan (within the meaning of Section 4001(a)(15) of ERISA).

(d) Neither the execution and delivery of this Agreement nor transactions contemplated hereby, either alone in conjunction with any other event, will (i) result in any payment becoming due to any Business Employee, (ii) increase any benefits otherwise payable under any Employee Plan, (iii) result in any acceleration of the time of payment, vesting or funding of any payment or benefit, or (iv) result in the forfeiture or loss of any payment or benefit by any Business Employee, except as set forth on Schedule 3.9(d). No amount paid or payable in connection with the transactions contemplated hereby, either alone or in conjunction with any other event, will be an "excess parachute payment" within the meaning of Section 280G of the Code.

(e) Each Employee Plan that is not subject exclusively to United States Law has been established, maintained and administered in material compliance with its terms and conditions and with the requirements prescribed by applicable Law.

Section 3.10 Labor and Employment Matters. No Seller Party is a party to or bound by any labor or collective bargaining contract that pertains to any Business Employees, and no labor union, works council or similar labor organization represents or has within the one-year period

prior to the date of this Agreement represented any Business Employees. There are no pending or, to the Knowledge of the Seller, threatened Actions concerning labor matters with respect to the Business, except for such Actions that would not, individually or in the aggregate, reasonably be expected to be material to the Business or the Transferred Assets. No Seller Party has engaged in any material unfair labor practice. The Business is being conducted in material compliance with all applicable Laws regarding labor, employment and employment practices. None of the Seller Parties are delinquent in payment to any Business Employees or former employees of the Business for any services or amounts required to be reimbursed or otherwise paid with only immaterial exceptions.

Section 3.11 Insurance. There are no insurance policies in force relating solely to the Business and the Transferred Assets.

Section 3.12 Real Property. Schedule 3.12 of the Disclosure Schedules sets forth a true, correct, complete and accurate list of all real property leased pursuant to the Assumed Leases and the identity of the lessor under each such Assumed Lease. The Seller has provided the Buyer with true and complete copies of each Assumed Lease. With respect to each Assumed Lease, (i) such Assumed Lease is valid, binding, enforceable and in full force and effect; (ii) no Seller Party is in material breach or default under such Assumed Lease and the applicable Seller Part has paid all rent due and payable under such Assumed Lease; and (iii) no Seller Party has received nor given notice of any default under such Assumed Lease.

Section 3.13 Intellectual Property.

(a) Schedule 3.13(a) of the Disclosure Schedule sets forth a true, complete and accurate list of all Registered IP, as of the date hereof, included in the Transferred Intellectual Property. To the Knowledge of the Seller, the issued Patents, registered Copyrights and registered trademarks set forth in Schedule 3.13(a) of the Disclosure Schedule are valid, subsisting and enforceable. One of the Seller Parties is the sole and exclusive owner and, with respect to the Registered IP record owner, of all the Transferred Intellectual Property, free and clear of all Encumbrances other than Permitted Exceptions. As of the date of this Agreement, there is no Action pending or, to the Knowledge of the Seller, threatened in writing, challenging the scope, validity or enforceability of any material Registered IP included in the Transferred Intellectual Property. None of the Seller Parties has granted any Person any right to control the prosecution or registration (other than prosecution or registration in the ordinary course on behalf of any of the Seller Parties) of any Transferred Patents or to commence, defend, or otherwise control any Action with respect to such Patents (other than third party counsel on behalf of any Seller Party). Since three (3) years prior to the date of this Agreement, none of the Seller Parties have transferred, sold or exclusively licensed any Patents that are practiced by the Business, other than Patents transferred in connection with the sale of a subsidiary or business unit. Subject to Section 5.16(b) and other than invention disclosures relating to the Patents set forth on Schedule 5.16(a)(i) of the Disclosure Schedules, Schedule 2.1(c)(ii) and Schedule 2.1(d) of the Disclosure Schedules sets forth all invention disclosures submitted pursuant to the Seller's established invention disclosure process during the eighteen (18) months preceding the date of this Agreement that are owned by any Seller Party and that relate to the Business and include at least one Business Employee as a named inventor.

(b) Since January 1, 2017, there has been no Action pending or, to the Knowledge of the Seller, threatened in writing (including in the form of offers or invitations to obtain a license) against the Seller Parties alleging that the conduct of the Business has infringed, misappropriated or otherwise violated, or infringes, misappropriates or otherwise violates Intellectual Property Rights of any Person. Since January 1, 2017, there have been no claims for indemnity by or against any Seller Party with respect to any Transferred Products.

(c) Except as has not been and would not, individually or in the aggregate, reasonably be expected to be material to the Business, since January 1, 2017, to the Knowledge of the Seller, no Person has materially infringed, misappropriated or otherwise violated, or is materially infringing, misappropriating or otherwise violating, any Transferred Intellectual Property (excluding any standard-essential patents included in the Transferred Patents).

(d) To the Knowledge of the Seller, since January 1, 2017, the conduct of the Business has not infringed, misappropriated or otherwise violated, and does not infringe, misappropriate or otherwise violate the Intellectual Property Rights of any Person. Section 3.3(a)(iii), Section 3.13(b), Section 3.13(c), this Section 3.13(d) and Section 3.13(k) are the sole and exclusive representations and warranties regarding any infringement or misappropriation of Intellectual Property Rights.

(e) The Seller Parties have taken commercially reasonable measures to protect and preserve the confidentiality, integrity, and security of the material Trade Secrets included in the Transferred Intellectual Property, including requiring all Persons having access thereto to execute written Contracts containing non-disclosure and non-use obligations. To the Knowledge of the Seller, there has not been any disclosure or

access (other than by filing of Patent applications) to any material Trade Secret included in the Transferred Intellectual Property to any Person in the three (3)-year period preceding the date of this Agreement, in a manner that in a manner that has resulted in the loss of Trade Secret rights.

(f) Schedule 3.13(f) of the Disclosure Schedules sets forth a true, complete and accurate summary in all material respects of all (i) outbound licenses, covenants not to sue, covenants not to assert, covenants to sue last, covenants not to enjoin, or other immunities from suit that encumber (excluding the Permitted Exceptions and other contractual obligations required to be disclosed pursuant to Section 3.13(i)) any Transferred Patents or (ii) obligations (or options granted to a third party) to sell, lease, license, transfer, divest, abandon, allow to lapse, dispose of, or otherwise mortgage, encumber or subject to any Encumbrance (other than Permitted Exceptions and other contractual obligations required to be disclosed pursuant to Section 3.13(i)) to any third party any Transferred Intellectual Property.

(g) To the Knowledge of the Seller, each contractor and consultant (or their respective company employers) of the Seller and its Affiliates that has delivered, developed, contributed to, modified, or improved material Intellectual Property owned or purported to be owned by the Seller Parties and used by the Business that are not owned by a Seller Party by operation of law (each, a “Contributor”) has executed a valid written agreement assigning to the Seller exclusive ownership of all such Contributors’ right, title, and interest in and to such Intellectual Property.

(h) No funding, facilities or resources of any Governmental Authority or any granting agency, university, college, or other academic institution, multi-national, bi-national or international organization or research center (each, an “Institution”) were used, directly or indirectly, to develop, create or reduce to practice, in whole or in part, any Transferred Products or Transferred Intellectual Property in a manner that created an Encumbrance on any Transferred Intellectual Property. No Contributor performed services for or was an employee or student, as applicable, of any Governmental Authority or Institution (i) while such employee, officer, consultant or contractor was also performing services for the Seller Parties or (ii) during the time period in which such employee, officer, consultant or contractor invented, created, developed or reduced to practice any Transferred Products or Transferred Intellectual Property, in each case in a manner that created an Encumbrance on any Transferred Intellectual Property.

(i) To the Knowledge of the Seller, none of the Seller Parties are a member or promoter of, or a contributor to, or have made any commitments or agreements regarding, any patent pool, industry standards body, standard setting organization, industry or similar organization, in each case that requires or obligates any of the Seller Parties to grant or offer to any other Person any license or other rights related to FRAND / RAND or zero-royalty license to any Transferred Intellectual Property, except as set forth in Schedule 3.13(i) of the Disclosure Schedules.

(j) Except as has not been or as would not reasonably be expected to be adverse to the Business in any material respect, since January 1, 2017, there have been no failures, breakdowns, breaches, outages or unavailability of the hardware, firmware, networks, platforms, servers, interfaces, applications, web sites, and related systems used by or on behalf of the Seller Parties in connection with the conduct of the Business (collectively, the “Business Information Systems”) or any Software used therewith. No Transferred Products or Software embodying any Transferred Intellectual Property, and to the Knowledge of the Seller, the Business Information Systems and any Software embodying any Licensed Intellectual Property, are free from any “back door,” “time bomb,” “Trojan horse,” “worm,” “drop dead device,” “virus” (as these terms are commonly used in the computer software industry) or other software routines or hardware components intentionally designed to permit unauthorized access, to disable or erase software, hardware, or data. Except as has not been and as would not, individually or in the aggregate, reasonably be expected to be material to the Business, the Seller Parties have taken commercially reasonable efforts to comply with all, and the conduct of the Business since January 1, 2017 has not violated, and does not violate, any Privacy Obligations. There is no pending complaint, audit, proceeding, investigation, or claim initiated by any Governmental Authority or, to the Knowledge of the Seller, any other Person, alleging a violation of a Privacy Obligation with respect to the operation of the Business.

(k) Except as has not been and as would not, individually or in the aggregate, reasonably be expected to be material to the Business, none of the Software included in any Transferred Products or embodying any Transferred Intellectual Property or Licensed Intellectual Property is subject to any open source license terms and used in a manner which would (i) require its disclosure or distribution in source code form, (ii) require as a condition of its use, modification or distribution that it, or other Software or Technology into which such Software or Technology is incorporated, integrated or with which such Software or Technology is combined or distributed or that is derived from or linked to such Software or Technology, be disclosed or distributed, or (iii) require the licensing thereof for the purpose of making derivative works. The Seller Parties’ use of Software and Technology has been, and is, in material compliance with the terms and conditions of all applicable open source license terms.

(a) To the extent a breach or inaccuracy of any of the following could result in a liability of the Buyer to any person, whether as a result of applicable Law, contract or otherwise:

(i) All material Returns required to have been filed by the Seller Parties with respect to the Transferred Assets or the Business have been duly and timely filed (taking into account all applicable extensions of time to file), and all such Returns are true, correct and complete in all material respects.

(ii) All material Taxes due and payable by the Seller Parties related to the Business or Transferred Assets, whether or not shown to be due on any Return, have been timely paid in full.

(iii) There is no Tax Action pending with respect to any Tax or Return with respect to the Business or the Transferred Assets.

(b) There are no Encumbrances related to Taxes (except Permitted Exceptions) on any of the Transferred Assets.

(c) There are no material unpaid Taxes due and owing by the Seller Parties that are or could reasonably be expected to become an Encumbrance on the Transferred Assets.

(d) None of the Transferred Assets is a United States real property interest within the meaning of Section 897(c) of the Code and Section 1.897-1(c) of the Treasury Regulations.

(e) No Tax sharing or similar agreement (other than this Agreement or any commercial agreement the principal purpose of which does not relate to Taxes) is currently in effect with respect to the Business or the Transferred Assets that would bind, obligate or restrict the Buyer Parties after the Closing Date.

Section 3.15 Environmental Matters.

(a) Except as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect (i) the Seller Parties are in compliance with all applicable Environmental Laws and have obtained and are in compliance with all Environmental Permits in connection with the conduct or operation of the Business and the ownership or use of the Transferred Assets and (ii) there are no written claims alleging violation of or Liability pursuant to any Environmental Law pending or threatened against the Seller Parties in connection with the conduct or operation of the Business or the ownership or use of the Transferred Assets.

(b) For purposes of this Agreement:

(i) “Environmental Laws” means any Laws of any Governmental Authority in effect as of the date hereof relating to protection of the environment.

(ii) “Environmental Permits” means all Permits under any Environmental Law.

Section 3.16 Material Contracts.

(a) Schedule 3.16 of the Disclosure Schedules lists each of the following Contracts (such Contracts as described in this Section 3.16(a) being “Material Contracts”):

(i) all Assumed Contracts with customers of the Business, other than Assumed Contracts with customers substantially in the standard form limited use licenses of the Seller Parties;

(ii) all Assumed Contracts that include any covenant or Encumbrance (including with respect to Transferred Intellectual Property and Licensed Intellectual Property) (A) that will limit or purport to limit the ability of the Business to compete in any line of business or with any Person or in any geographic area or during any period of time, or otherwise grant exclusivity in favor of any third party (including any exclusive outbound licenses, covenants not to sue, covenants not to assert, or covenants that restrict the owner's ability to own, use, register, disclose or enforce any Transferred Intellectual Property (other than Permitted Exceptions)), or (B) that, in connection with the Business, restricts the right of the Seller to sell to or purchase from any Person, or that grants the other party or any third person "most favored nation" status;

(iii) all joint venture, partnership or similar Assumed Contracts regarding ownership of or investments in any Person, business or enterprise;

(iv) all Assumed Contracts that are inbound or outbound licenses regarding the use of any material Transferred Intellectual Property;

(v) all Assumed Contracts that involve the lease of equipment;

(vi) all Assumed Contracts that restrict any Seller Party's ability to own, use, register, disclose or enforce any Transferred Intellectual Property (other than non-exclusive licenses);

(vii) all Assumed Contracts that require payments after the date hereof in excess of \$500,000 per year for the purchase or sale of products or parts or for the furnishing or receipt of services (excluding purchase orders entered into in the ordinary course of business);

(viii) all Assumed Contracts that are settlement, conciliation or similar agreements which would require payment after the date hereof or which materially restrict or impose material obligations upon the Business;

(ix) all Assumed Contracts with a Significant Customer, Significant Supplier or Governmental Authority;

(x) all Assumed Contracts that involve an obligation to purchase a minimum quantity of goods or services;

(xi) any collective bargaining agreements or other agreements with a trade union, works council or other similar labor organization to which a Seller Party is a party or otherwise bound that would affect any Business Employees after the Closing;

(xii) all Assumed Contracts that provide for indemnification of another Person, other than standard indemnities entered into in the ordinary course of business; and

(xiii) Assumed Contracts that are intracompany agreements between members of the Seller Group or to which any executive officer or director of the Seller is a party.

(b) Each Assumed Contract is valid and binding on the applicable Seller Party and, to the Knowledge of the Seller, the counterparties thereto, and is in full force and effect. No Seller Party is in breach of, or default under, any Assumed Contract to which it is a party, except for such breaches or defaults that would not, individually or in the aggregate, reasonably be expected to be material to the Business or the Transferred Assets, taken as a whole. No event or circumstance has occurred that, with notice or lapse of time or both, would become a default by the applicable Seller Party under any Assumed Contract or result in a termination thereof or would cause acceleration or give rise to any right of termination, cancellation or acceleration under, or result in the loss of any right or benefit thereunder, except for any such failure to be valid and binding that would not, individually or in the aggregate, be or reasonably be expected to be material to the Business or the Transferred Assets, taken as a whole. The Seller has made available to the Buyer true, correct and complete copies of each Assumed Contract, together with all amendments and supplements thereto. No Seller Party has received any written notice, or, to the Knowledge of the Seller, oral notice, of any Person's intent to terminate or materially amend any Assumed Contract, or amended, cancelled, terminated, relinquished, waived or released any Assumed Contract or any material right thereunder.

Section 3.17 Customers and Suppliers.

(a) Schedule 3.17 of the Disclosure Schedules sets forth a true and complete list of the names of the 10 largest customers (based on revenue recognized during the applicable time period) to whom the Business has sold products during the year ended February 2, 2019 (each a “Significant Customer”), and the 10 largest suppliers or service providers (based on amounts paid during the applicable time period) from whom the Business has purchased supplies or services during the year ended February 2, 2019 (each a “Significant Supplier”).

(b) As of the date of this Agreement, no Seller Party has received written notice from any Significant Customer or Significant Supplier that such Person shall not continue as a customer, supplier or service provider, as applicable, of the Business or that such Person intends to terminate or materially modify any Assumed Contract.

Section 3.18 Warranties. Schedule 3.18 of the Disclosure Schedules sets forth (x) the standard form product warranty with respect to Business Products and (y) warranties with respect to Business Products that are materially different from the standard form product warranty. No oral warranties have been given or made with respect to the Business Products. The Seller Parties have not been notified in writing or, to the Knowledge of Seller, orally of any claims for any warranty obligations in excess of \$500,000 in any of the last three fiscal years of the Seller.

Section 3.19 Inventory; Transferred Personal Property.

(a) All Inventory included in the Transferred Assets is of good and merchantable quality and is usable and saleable in the ordinary course of business, except for obsolete materials and materials of below standard quality in amounts consistent with past practice. The Inventory levels maintained by the Seller Parties for the Business as of the Closing Date will be adequate for the conduct of the operations of the Business in the ordinary course of business and at levels that, together with orders placed by the Buyer with suppliers of raw materials at the Closing, will be sufficient to support purchase orders relating to the Business that have been placed with the Seller Parties as of the Closing. None of the Inventory is held on consignment by third parties or by distributors.

(b) The Transferred Personal Property is in good operating condition, working order and repair in all material respects, subject to ordinary wear and tear considering the age and ordinary course of use of such Transferred Personal Property and routine maintenance.

Section 3.20 Affiliate Transactions. No director, officer, employee, Affiliate, or, to the Knowledge of the Seller, any “associate” or members of any of their “immediate family” (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the Securities Exchange Act of 1934, as amended) of the Seller or its Affiliates (each of the foregoing, a “Related Person”), other than in its capacity as a director, officer or employee of the Seller or any of its Affiliates, (a) is a party to any Contract relating to the Business or the Transferred Assets, (b) directly or indirectly owns, or otherwise has any right, title, interest in, to or under, any Transferred Asset or Assumed Liability, (c) has any claim or right against the Seller or any of its Affiliates relating to the Business or the Transferred Assets (other than rights to receive compensation for services performed as a director, officer or employee of the Seller or any of its Affiliates and other than rights to reimbursement for travel and other business expenses incurred in the ordinary course), or (d) provides services to the Seller or any of its Affiliates relating to the Business or the Transferred Assets (other than services performed as a director, officer or employee of the Seller or any of its Affiliates).

Section 3.21 Brokers. Except for Credit Suisse, the fees, commissions and expenses of which will be paid by the Seller, no broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated hereby or by the Ancillary Agreements based upon arrangements made by or on behalf of the Seller Parties.

Section 3.22 Exclusivity of Representations and Warranties. Neither the Seller nor any of its Affiliates or Representatives is making any representation or warranty of any kind or nature whatsoever, oral or written, express or implied, relating to the Business or the Transferred Assets (including any relating to financial condition or results of operations of the Business or maintenance, repair, condition, design, performance, value, merchantability or fitness for any particular purpose of the Transferred Assets), except as otherwise expressly set forth in this Article III and in the Ancillary Agreements, and the Seller hereby disclaims any such other representations or warranties.

Article IV

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to the Seller as follows:

Section 4.1 Organization.

(a) Each of the Buyer Parties is duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation and has all necessary corporate power and authority to (i) own, lease and operate its assets and (ii) carry on its business as it is now being conducted.

(b) Each Buyer Party is duly qualified and licensed to do business as a foreign corporation in, and is in good standing (where such concept is applicable) in, each jurisdiction where the character of the properties owned, leased, or operated by it or the nature of its activities makes such licensing necessary, except, in each case, where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to have a Buyer Material Adverse Effect.

Section 4.2 Authority. The Buyer has the corporate power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and to consummate the transactions contemplated hereby and thereby. Each other Buyer Party has full corporate power and authority to execute and deliver each of the Ancillary Agreements to which it will be a party, to perform its obligations thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Buyer of this Agreement and by each Buyer Party of each of the Ancillary Agreements to which it will be a party and the consummation by each Buyer Party of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action. This Agreement has been, and upon their execution each of the Ancillary Agreements will have been, duly executed and delivered by each Buyer Party that is a party thereto and, assuming due execution and delivery by each of the other parties hereto, this Agreement constitutes, and upon their execution each of the Ancillary Agreements will constitute, the legal, valid and binding obligations of each Buyer Party, enforceable against such Buyer Party in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 4.3 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance by the Buyer of this Agreement and the execution, delivery and performance by each Buyer Party of each of the Ancillary Agreements to which it will be a party, and the consummation of the transactions contemplated hereby and thereby do not and will not:

(i) conflict with or violate the certificate of incorporation or bylaws of any Buyer Parties;

(ii) conflict with or violate any Law applicable to the Buyer Parties or by which any property or asset of the Buyer Parties is bound or affected; or

(iii) conflict with, result in any breach of, result in the loss of any right or benefit of, or cause acceleration of, or constitute a default (or an event that, with notice or lapse of time or both, would become a default) (or give rise to any right to terminate, cancel, amend or accelerate) under, or require any consent of any Person pursuant to, any material contract or agreement to which any Buyer Party is a party;

except, in the case of clause (ii) or (iii), for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, have or reasonably be expected to have a Buyer Material Adverse Effect.

(b) The Buyer Parties are not required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance by the Buyer Parties of this Agreement and each of the Ancillary Agreements to which it will be a party or the consummation of the transactions contemplated hereby and thereby, except (i) the Required Antitrust Approvals and the CFIUS Approval, (ii) where failure to obtain such notice, authorization, approval, order, permit or consent, or to make such filing or notification, would not, individually or in the aggregate, have or reasonably be expected to have a Buyer Material Adverse Effect or (iii) as may be necessary as a result of any facts or circumstances relating to the Seller or any of its Affiliates.

Section 4.4 Financing. The Buyer has, on the date hereof, the financial capability and all sufficient funds on hand, or otherwise readily available, necessary to consummate the transactions contemplated by this Agreement and the Ancillary Agreements on the terms and subject to the conditions set forth in this Agreement and Ancillary Agreements, as applicable, and to pay all related fees and expenses of the Buyer and its Affiliates. Notwithstanding anything to the contrary herein, the Buyer acknowledges and agrees that its obligations to consummate the transactions contemplated hereby are not contingent upon its ability to obtain any third party financing and affirms that obtaining such financing is not a condition to Closing.

Section 4.5 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby or by the Ancillary Agreements based upon arrangements made by or on behalf of the Buyer Parties.

Section 4.6 Buyer's Investigation and Reliance. Each of the Buyer Parties is a sophisticated purchaser and has made its own independent investigation, review and analysis regarding the Business, the Transferred Assets, the Assumed Liabilities and the transactions contemplated hereby, which investigation, review and analysis were conducted by the Buyer Parties together with expert advisors, including legal counsel, that it has engaged for such purpose. The Buyer Parties and their Representatives have been provided with access to the Representatives, properties, offices, plants and other facilities, books and records of the Seller relating to the Business and other information that they have requested in connection with their investigation of the Business, the Transferred Assets, the Assumed Liabilities and the transactions contemplated hereby. Neither the Seller nor any of its Affiliates or Representatives has made any representation or warranty, express or implied, as to the accuracy or completeness of any information concerning the Business, the Transferred Assets or the Assumed Liabilities made available in connection with the Buyer Parties' investigation of the foregoing, except as expressly set forth in this Agreement and the Ancillary Agreements, and the Seller and its Affiliates and Representatives expressly disclaim any and all Liability that may be based on such information or errors therein or omissions therefrom, except as expressly set forth in this Agreement and the Ancillary Agreements. The Buyer Parties have not relied and are not relying on any statement, representation or warranty, oral or written, express or implied (including any representation or warranty as to merchantability or fitness for a particular purpose), made by the Seller or any of its Affiliates or Representatives, except as expressly set forth in this Agreement and the Ancillary Agreements. Neither the Seller nor any of its Affiliates or Representatives shall have or be subject to any Liability to the Buyer Parties or any other Person resulting from the distribution to the Buyer Parties, or the Buyer Parties' use of, any information, documents or materials made available to the Buyer Parties, whether orally or in writing, in any confidential information memoranda, "data rooms," management presentations, due diligence discussions or in any other form (other than this Agreement and the Ancillary Agreements) in expectation of, or in connection with, the transactions contemplated by this Agreement. Neither the Seller nor any of its Affiliates or Representatives is making, directly or indirectly, any representation or warranty with respect to any estimates, projections or forecasts involving the Business or the Transferred Assets. The Buyer Parties acknowledge that there are inherent uncertainties in attempting to make such estimates, projections and forecasts and that it takes full responsibility for making its own evaluation of the adequacy and accuracy of any such estimates, projections or forecasts (including the reasonableness of the assumptions underlying any such estimates, projections and forecasts). The Buyer Parties acknowledge and agree that the representations and warranties in this Agreement and the Ancillary Agreements are the result of arms' length negotiations between sophisticated parties and such representations and warranties are made, and the Buyer Parties are relying on such representations and warranties.

Article V

COVENANTS

Section 5.1 Conduct of Business Prior to the Closing.

(a) Except as otherwise contemplated by this Agreement or as set forth on Schedule 5.1 of the Disclosure Schedules, between the date of this Agreement and the Closing Date, unless the Buyer shall otherwise provide its prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), the Seller shall, and shall cause the other Seller Parties to, conduct the Business in the ordinary course of business in all material respects, and the Seller shall, and shall cause the other Seller Parties to, use their commercially reasonable efforts to preserve in all material respects the present commercial relationships with the Persons with whom the Seller Parties deal in connection with the conduct of the Business in the ordinary course.

(b) Except as otherwise contemplated by this Agreement or as set forth on Schedule 5.1 of the Disclosure Schedules, between the date of this Agreement and the Closing Date, without the prior consent of the Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), the Seller shall not, and shall not permit the other Seller Parties to, in connection with the Business and the Transferred Assets:

(i) sell, assign, transfer, lease, sublease, license, encumber or otherwise dispose of any Transferred Assets or any interest therein, or grant an option to do any of the foregoing, other than Inventory sold or disposed of, or non-exclusive licenses granted, in each case, in the ordinary course of business consistent with past practice;

(ii) change the nature or scope of the Business in any material respect;

(iii) create, assume or incur, or agree to create, assume or incur, any obligation or liability (contractual or otherwise, including any indebtedness) that would constitute an Assumed Liability, except in the ordinary course of business;

(iv) amend, terminate, modify, cancel any material provision of, or waive any rights under or otherwise alter or change any of the material terms or provisions of any Assumed Contract or create any material default under the terms of any Assumed Contract;

(v) acquire any corporation, partnership, limited liability company, other business organization or division thereof or any assets other than in the ordinary course of business, in each case that is material, individually or in the aggregate, to the Business taken as a whole;

(vi) settle or offer or agree to settle any Action relating to the Business or the Transferred Assets if such settlement would involve any injunctive or equitable relief or impose restrictions or Encumbrances on any the Transferred Asset;

(vii) release or waive the enforcement of any nondisclosure agreement, confidentiality agreement, noncompetition agreement, nonsolicitation agreement or other restrictive covenant obligation of any current or former employee or independent contractor as they relate to the Business;

(viii) grant or announce any increase or decrease in or of the salaries, bonuses or other compensation or benefits payable to any Business Employees, other than (A) as required by Law, (B) pursuant to any Employee Plan in existence on the date hereof, (C) in connection with the ordinary course annual review cycle of the Seller Parties consistent with (x) past practices and (y) the treatment of similarly situated employees of the Seller Parties who are not Business Employees or (D) retention or other bonuses to be paid by the Seller prior to Closing;

(ix) (A) terminate the employment of any Business Employee whose total annual cash compensation (consisting of base salary and target bonus) is at least \$200,000 annually, except for cause (as determined by the Seller in its sole discretion), (B) transfer the employment of any Business Employee outside of the Business, or (C) hire any new employee who would qualify as a Business Employee if employed by the Seller Parties as of the date hereof, other than to replace any Business Employee whose employment terminates after the date hereof and with compensation and benefits substantially similar to those provided to similarly situated employees;

(x) modify, amend, extend, renew, terminate or enter into any labor agreement, collective bargaining agreement or any other labor-related agreements or arrangements with any trade or labor union, works council, employee representative body, or labor organization in a manner that would affect any Business Employees;

(xi) change the accounting methods, principles or practices as they relate to the Business, except as required by GAAP or in accordance with changes made by the Seller affecting its financial statements generally;

(xii) (A) sell or agree to sell Inventory outside of the ordinary course of business consistent with past practice, including with respect to timing, pricing, discounting practices, warranties offered, bundling, sales volume and service levels, (B) engage in “channel stuffing” or “trade loading” of any Transferred Products or other activity that could reasonably be expected to result in an increase, temporary or otherwise, in the demand for any Transferred Product, (C) manufacture any Transferred Products in any manner that is not materially consistent with forecasted demand, or (D) order raw materials or other supplies for the manufacture of Transferred Products in quantities that are not in the ordinary course of business and consistent with the manufacturing needs of the Business;

(xiii) sell, lease, license, transfer, divest, abandon, allow to lapse, dispose of, or otherwise mortgage, encumber or subject to any Encumbrance (other than Permitted Exceptions) to any third party any Transferred Intellectual Property, except for non-exclusive

licenses and covenants not to sue (A) granted in the ordinary course of business or (B) pursuant to contractual commitments binding on the Seller Parties as of the date of this Agreement;

(xiv) initiate development of, or accelerate the development of, any products, services or Technology (other than Transferred Assets) that (A) incorporate Transferred Technology or Transferred Non-Patent Intellectual Property and (B) were not, as of January 1, 2019, planned to be launched prior to the Closing Date, so that such products, services or Technology are produced or provided by or for, or sold by or on behalf of the Seller or its Affiliates as of the Closing Date;

(xv) become a member or promoter of, or a contributor to, or have made any commitments or agreements regarding, any patent pool, industry standards body, standard setting organization, industry, working group, or similar organization, in each case that is reasonably determined by the Seller to require or obligate any of the Seller Parties to grant or offer to any other Person any license or other rights related to FRAND / RAND or zero-royalty license to any Transferred Intellectual Property, other than as set forth in Schedule 3.13(i) of the Disclosure Schedules;

(xvi) write down or write up (or fail to write down or write up in accordance with GAAP consistent with past practice) the value of any Inventories or revalue any of the Transferred Assets other than in the ordinary course of business and in accordance with GAAP;

(xvii) fail to renew or maintain in full force and effect any Permits in respect of the Business or the Transferred Assets; or

(xviii) authorize, resolve, commit or agree (by Contract or otherwise) to do any of the foregoing.

Section 5.2 Covenants Regarding Information.

(a) From the date hereof until the Closing Date, upon reasonable advance written notice, the Seller shall, and shall cause its Affiliates to, afford the Buyer Parties and their Representatives reasonable access to the Transferred Assets and senior manager level Business Employees, and shall furnish the Buyer with the Books and Records and such financial, operating and other data and information to the extent relating exclusively to the Business, the Transferred Assets and the Assumed Liabilities as the Buyer may reasonably request; provided, however, that any such access shall be conducted at the Buyer's expense, during normal business hours, under the supervision of the Seller's personnel and in such a manner as not unreasonably to interfere with the normal operations of the Seller Parties or the Business.

(b) For a period of five years after the Closing or, if shorter, the applicable period specified in the Buyer Parties' document retention policy, the Buyer shall, and shall cause its Affiliates to, afford the Representatives of the Seller reasonable access upon reasonable advance written notice (including the right to make photocopies), during normal business hours, to the Transferred Employees and to its books and records to the extent relating exclusively to the Business, the Transferred Assets and the Assumed Liabilities, provided, however, that any such access shall be conducted at the Seller's expense and in such a manner as not to unreasonably interfere with the normal business operations of the Buyer Parties or the Business. In order to facilitate the prosecution or protection of Intellectual Property Rights that are Excluded Assets and that have a Transferred Employee named as an inventor, or for any Actions where access to Transferred Employees are necessary, for a period of two years following the Closing Date, at the Seller's expense, the Buyer shall afford the Seller and its Representatives reasonable access upon reasonable advance written notice, to the Transferred Employees to execute any documents and take any other reasonable actions requested by the Seller in connection with such Actions or such prosecution or protection of Intellectual Property Rights.

(c) For a period of five years after the Closing or, if shorter, the applicable period specified in the Seller Parties' document retention policy, the Seller Parties shall, and shall cause its Affiliates to, (i) retain the books and records to the extent relating to the Business, the Transferred Assets or the Assumed Liabilities relating to periods prior to the Closing which shall not otherwise have been delivered to the Buyer, including any Books and Records not delivered to the Buyer as of the Closing, and (ii) upon reasonable advance written notice, afford the Representatives of the Buyer reasonable access (including the right to make photocopies), during normal business hours, to such books and records to the extent relating exclusively to the Business, the Transferred Assets and the Assumed Liabilities, provided, however, that any such access shall be conducted at the Buyer's expense and in such a manner as not to unreasonably interfere with the normal business operations of the Seller Parties. In order to facilitate the prosecution or protection of Transferred Intellectual Property and that have an employee of the Seller Group that is not a Transferred Employee named as an inventor, or for any Actions where access to such employees are necessary, for a period of two years following the Closing Date, at the Buyer's expense, the Seller shall afford the Buyer and its Representatives reasonable access upon

reasonable advance written notice, to such employees to execute any documents and take any other reasonable actions requested by the Buyer in connection with such Actions or such prosecution or protection of Intellectual Property Rights.

(d) Notwithstanding anything to the contrary in this Agreement, neither the Seller Parties nor the Buyer Parties shall be required to provide access to any information to the other party or its Representatives if the Seller or the Buyer, as the case may be, determines, in its reasonable discretion as to itself and its Affiliates, that (i) such access would jeopardize any attorney-client or other legal privilege, (ii) such access would contravene any applicable Laws, fiduciary duty or binding agreement (including any confidentiality agreement) entered into prior to the date hereof, (iii) the information to be accessed is pertinent to any Action in which the Seller Group, on the one hand, and the Buyer or any of its Affiliates, on the other hand, are engaged, (iv) the information to be accessed should not be disclosed due to its competitively sensitive nature, or (v) the information to be accessed relates to any consolidated, combined or unitary Tax Return filed by such party or any of its respective predecessor entities; provided that the parties shall work in good faith and use their reasonable efforts to mitigate such restrictions to allow disclosure of such information without causing any of the consequences described in clauses (i), (ii) or (iv).

(e) No later than thirty (30) days after the end of the term of all Services under the Transition Services Agreement, the Seller (x) shall, and shall cause its Affiliates to, delete or restrict access of all personnel of the Seller or its Affiliates to the design files associated with any Transferred Products such that such design files are not accessible to any personnel of the Seller or its Affiliates (other than IT or legal personnel not engaged in the development of any products, services or Technologies), and (y) shall issue a communication to all employees of the Seller and its Affiliates that would reasonably be expected to hold any Non-Licensed IP in their computers, other devices or files (including cloud storage services), instructing them to delete any such Non-Licensed IP from their computers, other devices, and files (including cloud storage services). For purposes of this Section 5.2(e), “Non-Licensed IP” means copies and other embodiments of any Transferred Intellectual Property or any Transferred Technology, in each case to the extent not expressly licensed to the Seller and its Affiliates for continued use pursuant to any Ancillary Agreement.

Section 5.3 Exclusivity.

(a) No Seller Party shall, and each of them shall cause their respective Affiliates and Representatives not to, directly or indirectly, solicit, knowingly encourage, knowingly facilitate, enter into, or accept any proposal or offer, or otherwise cooperate in any way with any Person or group, concerning a Competing Transaction, or initiate, enter into or continue to participate in any discussions or negotiations with any Person or group concerning a Competing Transaction, or agree to or endorse any Competing Transaction.

(b) The Seller shall: (i) immediately notify any Person or group with which discussions or negotiations of the nature described in Section 5.3(a) are pending as of the date of this Agreement that the Seller is terminating such discussions or negotiations; and (ii) promptly (and in any event within one (1) Business Day) terminate access to any online or other data rooms containing information with respect to the Seller Parties (with respect to the Business), the Business, the Transferred Assets and the Assumed Liabilities by each Person and its representatives that on or prior to the date of this Agreement had access to any such online or other data rooms (other than the Buyer, its Affiliates or their Representatives).

Section 5.4 Notification of Certain Matters. Until the Closing, each party hereto shall promptly notify the other party in writing of any fact, change, condition, circumstance or occurrence or nonoccurrence of any event of which it is aware that, if not cured, will or is reasonably likely to result in any of the conditions set forth in Article VII of this Agreement becoming incapable of being satisfied.

Section 5.5 Employee Benefits.

(a) Continuity of Employment for all Business Employees. Effective as of the Closing Date, the Buyer shall offer employment to each Business Employee in a substantially similar geographic location, and with (i) an annual base salary that is at least equal to his or her annual base salary as in effect with respect to such employee immediately prior to the Closing Date; (ii) an annual target cash bonus opportunity expressed as a percentage of base salary that is no less favorable than the annual target cash bonus opportunity expressed as a percentage of base salary offered to such employee immediately prior to the Closing Date; (iii) a patent bonus opportunity that is no less favorable than the patent bonus opportunity offered to similarly situated employees of the Buyer and its Affiliates; and (iv) compensation that is equivalent in value to the value of the unvested equity awards of the Seller held by such employee immediately prior to the Closing Date. Business Employees who accept such offers of employment from the Buyer are referred to herein as “Transferred Employees.” Such employment by the Buyer shall commence effective as of the Closing Date, and shall be deemed for all purposes to have occurred with no interruption or break in service. Prior to providing any such offers, and in no event less than five (5) calendar days prior to extending such offers, the Buyer shall provide the Seller with a detailed summary of the proposed offers, including proposed total compensation opportunities for each Business Employee to whom the Buyer will make an offer. To the extent requested in writing by the Seller in no event more than (3) calendar days after the Buyer provides the Seller with such

summary, representatives of the Buyer shall meet with Representatives of the Seller to review such proposed offers and the Buyer shall consider in good faith any recommendations made by the Seller with respect to such offers. The Buyer shall maintain the compensation for all Transferred Employees at least at the level specified in the first sentence of this Section 5.5(a) at least until the date that is twelve (12) months following the Closing Date (or, such shorter period of employment, as the case may be). The Seller Parties shall, or shall cause their applicable Affiliates to, terminate the employment of each Business Employee to whom the Buyer has made an offer meeting the requirements of the first sentence of this Section 5.5(a) (other than any Leave Employee) (or have such Business Employees resign their employment) effective as of immediately prior to the Closing Date (or, to the extent a later date is required by applicable Law, such later date, in which case the Seller Parties shall notify such Business Employee on or as soon as practicable after the Closing Date of his or her termination of employment and be responsible for and retain all Liabilities and obligations regarding such notification and termination of employment). The Seller will comply with all notice and consultation requirements with any applicable labor union, works council or similar labor organization, as required by the transaction contemplated in this Agreement, on or prior to the Closing Date. Notwithstanding anything set forth in this Section 5.5 to the contrary, Leave Employees shall become Transferred Employees effective as of the date on which such Leave Employees are eligible to return to active service; provided, that all references in this Agreement to events that take place with respect to Transferred Employees as of the Closing shall take place with respect to any Leave Employee as of such Leave Employee's commencement of employment with Buyer or one of its Affiliates; provided, further, that such Leave Employee returns to active employment within twelve (12) months following the Closing. In the event that the Buyer does not offer employment to any Business Employee in accordance with this Section 5.5(a), the Buyer shall be responsible for all costs and expenses arising out of or relating to the termination of employment of such Persons by the Seller.

(b) Subject, and in addition, to any requirements imposed by applicable Law:

(i) Service Credit. The Transferred Employees shall receive credit for all periods of employment and/or service with the Seller and its Affiliates (including service with predecessor employers, where such credit was provided by the Seller Group) prior to the Closing Date for purposes of eligibility and vesting (but not for benefit accrual, except for accrual of vacation and severance benefits under the Buyer's relevant plans and policies and applicable Law, and as set forth in this Agreement); provided, that such service shall not be recognized to the extent such credit would result in a duplication of benefits or for purposes of any defined benefit pension plan, retiree medical plan or long-term incentive plan sponsored or maintained by the Buyer or its Affiliates. The Buyer shall, or shall cause its Affiliates to, provide severance benefits to any Transferred Employee who is terminated from employment (other than by the Buyer or its Affiliates for cause) during the twelve (12) month period following the Closing Date that are at least equal to the severance benefits to which such employee would have been entitled to receive immediately prior to the Closing Date in accordance with the terms of the applicable Employee Plan listed on Schedule 5.5(b)(i) of the Disclosure Schedules; provided, however, that nothing shall impact the Buyer's right to terminate employment of a Transferred Employee.

(ii) Employee Benefits—General. The Buyer, for at least one year following the Closing Date, shall provide the Transferred Employees with employee benefits that are no less favorable in the aggregate than those provided to similarly situated employees of the Buyer and its Affiliates. The Seller shall bear the expense of and responsibility for all Liabilities arising from claims by the Transferred Employees for benefits attributable to periods prior to the Closing Date under the Employee Plans maintained by the Seller, and the Buyer shall bear the expense of and responsibility for all Liabilities arising from claims by the Transferred Employees for benefits attributable to periods on or after the Closing Date under the benefit plans maintained by the Buyer. For purposes of determining whether Liability for welfare benefit claims is incurred prior to, or on or following the Closing Date, claims shall be deemed to be incurred as follows: (A) with respect to short-term disability, long-term disability, life and accidental death and dismemberment benefits, upon the event giving rise to such benefits, and (B) with respect to medical, dental, vision care, prescription and health-related benefits, upon provision of medical, dental, vision, prescription and health-related services, materials or supplies. Except as may be specifically required by this Agreement or by applicable Law, the Buyer shall not be obligated to continue to provide any particular employee benefits to any Transferred Employee.

(c) Defined Contribution Plans. The Buyer agrees to have in effect on the Closing Date a defined contribution plan or plans with a salary reduction arrangement that covers Transferred Employees in the United States, the terms of which meet the requirements of Sections 401(a) and 401(k) of the Code (such plan or plans, the "Buyer Savings Plan"). Each Transferred Employee in the United States who is eligible to contribute to the Seller's contribution plan (the "Seller Savings Plan") on the Closing Date shall be eligible to contribute to the Buyer Savings Plan commencing as soon as administratively practicable after the Closing Date. The Transferred Employees in the United States shall be permitted to roll over their account balances (including loan balances, if permitted by applicable plan documents and plan administrator) from the Seller Savings Plan accrued through the Closing Date into their new accounts under the Buyer Savings Plan promptly after the Closing Date, subject to the terms and conditions of such plan, but in no event later than 90 days after the Closing Date or in contravention of ERISA or the Code.

(d) Welfare Benefit Plans.

(i) Effective as of the Closing Date, the Buyer shall offer the Transferred Employees and their eligible dependents participation in the medical plans of the Buyer. With respect to other welfare benefit plans, including medical, dental, life insurance, and short- and long-term disability (all of such welfare plans, including the Buyer's medical plan described in the previous sentence, the "Buyer Welfare Benefit Plans"), the Buyer shall offer such other welfare benefit plans to the Transferred Employees as soon as practicable after the Closing Date, but in no event more than 30 days after the Closing Date. For those Transferred Employees who reside in the United States, the Buyer shall use commercially reasonable efforts to (i) waive all waiting periods and pre-existing condition clauses under the Buyer Welfare Benefit Plans for the Transferred Employees and their eligible dependents who were participating in the welfare benefits plans and programs of the Seller and its Affiliates (the "Seller Welfare Benefit Plans") before the Closing Date; and (ii) cause the Buyer Welfare Benefit Plans to recognize any out-of-pocket medical and dental expenses incurred by each of the Business Employees and their eligible dependents prior to the Closing Date and during the calendar year in which the Closing Date occurs for purposes of determining deductibles and out-of-pocket maximums under the Buyer Welfare Benefit Plans (the Seller shall provide such information to the Buyer at or prior to the Closing).

(ii) Effective as of the Closing Date, the Buyer shall assume all responsibilities and obligations for continuation coverage under Sections 601 *et seq.* of ERISA ("COBRA Obligations") and any state continuation coverage requirements with respect to the Transferred Employees and their beneficiaries. The Seller agrees that it shall retain responsibility for COBRA Obligations to all qualified beneficiaries of covered employees for whom a "qualifying event" under COBRA occurs prior to the Closing.

(e) Vacation Benefits. Subject, and in addition, to the requirements imposed by applicable Law, immediately prior to the Closing Date, the Seller Parties shall, or shall cause their Affiliates to, pay to each Transferred Employee his or her accrued and unused vacation and other paid time off.

(f) WARN Act. The Buyer agrees to provide any required notice under the Worker Adjustment Retraining and Notification Act of 1988 (the "WARN Act") and any similar state or non-United States Law, and otherwise to comply with any such statute with respect to any "plant closing" or "mass layoff" (as defined in the WARN Act) or group termination or similar event affecting Business Employees and occurring after the Closing Date. The Seller agrees to provide any required notice under the WARN Act, and any similar state or non-United States Law, and otherwise to comply with any such statute with respect to any "plant closing" or "mass layoff" (as defined in the WARN Act) or group termination or similar event affecting Business Employees and occurring on or prior to the Closing Date.

(g) Annual Incentive Bonuses; Retention Bonus.

(i) If the Closing occurs in the Seller's 2020 fiscal year, on or about the date on which the Seller pays bonuses to its employees generally for such fiscal year, the Seller shall pay to the Buyer an amount equal to the aggregated pro-rated bonus amounts that would be attributable to all Transferred Employees for the Seller's 2020 fiscal year through the Closing Date. Such aggregate amount shall be determined by the Seller in its reasonable discretion in a manner consistent with the determinations made for the applicable bonus plans generally. The Buyer shall distribute such bonus amount to the Transferred Employees as reasonably determined by the Buyer in a manner reasonably consistent with past practice of the Business and in consultation with the senior managers of the Business that are employees of the Buyer.

(ii) If the Closing occurs in the Seller's 2021 fiscal year and before the Seller pays its annual bonuses for such fiscal year, then on or about the date on which the Seller pays bonuses to its employees generally for such fiscal year, the Seller shall pay to the Buyer an amount equal to the aggregated bonus amounts that would be attributable to all Transferred Employees for the Seller's 2020 fiscal year, along with an amount equal to the employer portion of any FICA, FUTA or similar employment Taxes payable with respect to such bonus payments. Such aggregate amount shall be determined by the Seller in its reasonable discretion in a manner consistent with the determinations made for the applicable bonus plans generally. The allocation to each Transferred Employee shall be determined by the Seller in a manner reasonably consistent with past practice of the Business and in consultation with the senior managers of the Business that are employees of the Buyer. The Buyer shall distribute such bonus amounts to the Transferred Employees (including any Transferred Employees whose employment with the Buyer terminates for any reason prior to the date of such distribution) in accordance with such allocations of the Seller.

(iii) If the Closing occurs in the Seller's 2021 fiscal year, on the Closing Date, the Seller shall pay to the Buyer an amount equal to the aggregated pro-rated bonus amounts that would be attributable to for all Transferred Employees for the Seller's 2021 fiscal year based upon the portion of the applicable bonus plan year through the Closing Date. Such aggregate amount shall be determined by the Seller in its reasonable discretion based on actual performance for the Seller's 2021 fiscal year through the Closing Date, as determined by the Seller in its reasonable discretion in a manner consistent with the determination of any accrual the Seller has made for such bonus plan as of the Closing Date for purposes of the Seller's financial statements. The Buyer shall distribute such bonus amount to the Transferred Employees as reasonably determined by the Buyer in a manner reasonably consistent with past practice of the Business and in consultation with the senior managers of the Business that are employees of the Buyer.

(iv) The Seller shall, as promptly as practicable after the date hereof, implement the retention plan for certain Business Employees in substantially the manner indicated in Schedule 3.9(a)(i) of the Disclosure Schedules.

(h) Immigration Matters. The Seller Parties shall use their reasonable best efforts to ensure that any foreign nationals who requires a visa in order to work for the Buyer in his or her current position may continue to work in such position as a Transferred Employee following the Closing Date, or, as applicable, the date such Business Employee's employment transfers to the Buyer if after the Closing Date, which efforts may include, but not be limited to, amending current visa petitions to properly reflect any new employing entity or position prior to Closing. To the extent required by Law to be employed by the Buyer, the Buyer shall employ those Transferred Employees who are foreign nationals working in the United States in non-immigrant status and those Transferred Employees for whom there are pending or approved I-140 immigrant petitions as of the Closing Date (collectively, the "Alien Employees"), under terms and conditions such that the Buyer qualifies as a "successor employer" under applicable United States immigration laws effective as of the Closing Date, including, but not limited to, 8 U.S.C. 1184(c)(10). As of the day after the Closing Date, the Buyer agrees to assume all immigration-related liabilities and responsibilities under applicable United States immigration laws with respect to such Alien Employees.

(i) No Third-Party Beneficiaries. Nothing herein express or implied by this Agreement shall (i) confer upon any Business Employee, or legal representative or beneficiary thereof, any rights or remedies, including any right to employment or benefits for any specified period, of any nature or kind whatsoever, under or by reason of this Agreement, (ii) be treated as an amendment to, or prevent the termination of any employee benefit plan, program, arrangement or agreement sponsored or maintained by the Buyer, the Seller Parties or their respective Affiliates, or (iii) obligate the Buyer, the Seller Parties or any of their respective Affiliates to maintain any particular employee benefit plan, program or arrangement.

Section 5.6 Confidentiality.

(a) Each of the parties shall hold, and shall cause its Representatives to hold, in confidence all documents and information furnished to it by or on behalf of the other party in connection with the transactions contemplated hereby and by any Ancillary Agreement pursuant to the terms of the confidentiality agreement dated February 25, 2019 between an Affiliate of the Buyer and an Affiliate of the Seller (the "Confidentiality Agreement"), which shall continue in full force and effect in accordance with its terms, provided that the three-year period referred to in paragraph 11(e)(iii) shall extend to the third year following the termination of all services under the Transition Services Agreement. Upon the Closing Date, (i) the Transferred Confidential Information shall become the Proprietary Information (as defined in the Confidentiality Agreement) of the Buyer and its Affiliates and (ii) the Seller Continuing Confidential Information shall continue to be Proprietary Information of the Seller and its Affiliates. For purposes of this Agreement, (x) "Transferred Confidential Information" consists of all Proprietary Information that is a Transferred Asset (whether retained in possession of the Seller or any of its Affiliates or any of their employees other than the Transferred Employees and whether or not retained on any Excluded Asset after the Closing), except to the extent such information would cease to be Proprietary Information pursuant to the Confidentiality Agreement and (y) "Seller Continuing Confidential Information" consists of all Proprietary Information of the Seller or its Affiliates that is not a Transferred Asset (whether in possession of any Transferred Employee or the Buyer or any of its Affiliates before or after the Closing Date and whether or not disclosed to the Buyer or any Affiliate on any Transferred Asset), except to the extent such information would cease to be Proprietary Information pursuant to the Confidentiality Agreement.

(b) The presence of any Proprietary Information that is not a Transferred Asset on any servers, computers or other equipment that is a Transferred Asset does not grant any title to or effect any assignment of such Proprietary Information to the Buyer or its Affiliates. The presence after Closing of any Proprietary Information that is a Transferred Asset on any servers, computers or other equipment that is not a Transferred Asset does not grant any title to or effect any assignment of such Proprietary Information to the Seller or its Affiliates.

Section 5.7 Consents and Filings.

(a) Each of the parties shall use all commercially reasonable efforts to take, or cause to be taken, all appropriate action to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements as promptly as practicable, including to (i) obtain from Governmental Authorities all consents, approvals, authorizations, qualifications and orders as are necessary for the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements and supply promptly any additional information and documentary material that may be requested by a Governmental Authority under any applicable Law (including promptly making available any information and appropriate personnel in response to any queries made by a Governmental Authority) and (ii) make all necessary filings as soon as reasonable practicable following the date hereof and, with respect to filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, within ten Business Days following the date hereof, and thereafter make any other required submissions, with respect to this Agreement if the parties reasonably determine that such a filing is required or advisable under applicable antitrust or similar Law, including the Required Antitrust Approvals (any such filing and the CFIUS Approval, a “Required Filing”), and each party shall, and shall cause its respective Affiliates to, cooperate fully to that end.

(b) Without limiting the generality of the parties’ undertaking pursuant to Section 5.7(a):

(i) The Buyer agrees to use its commercially reasonable efforts and to take any and all steps necessary to avoid or eliminate each and every impediment under any antitrust, competition or trade regulation Law that may be asserted by any Governmental Authority or any other party so as to enable the parties hereto to close the transactions contemplated by this Agreement and the Ancillary Agreements as promptly as practicable and in no event later than the Termination Date; provided, however, that nothing in this Agreement, including this Section 5.7, requires the Buyer or any of its Subsidiaries or Affiliates (A) to propose, negotiate, commit to or effect, by consent decree, hold separate orders, or otherwise, (i) the sale, divestiture or disposition of its assets, properties or businesses or of the assets, properties or businesses to be acquired by it pursuant hereto or (ii) any material modification to the operation of its assets, properties or businesses or of the assets, properties or businesses to be acquired by it pursuant hereto, or (B) to defend through litigation any claim asserted in court by any party in order to avoid entry of, or to have vacated or terminated, any decree, order or judgment (whether temporary, preliminary or permanent) that would prevent the Closing by the Termination Date.

(c) The Buyer and the Seller agree to use their respective reasonable best efforts and take any and all actions necessary to receive CFIUS Approval so as to enable the Closing, including:

(i) Within fifteen (15) Business Days following the date hereof, unless otherwise agreed by the parties, the Buyer and the Seller shall submit to CFIUS a draft joint notice in connection with CFIUS Approval in accordance with the DPA, specifically 31 C.F.R. Part 801;

(ii) Promptly after receipt of confirmation that CFIUS has no further comment to the draft joint notice, but no later than 45 days prior to Closing, the Buyer and the Seller shall submit to CFIUS a final joint notice in connection with the CFIUS Approval (the “CFIUS Notice”); and

(iii) The Buyer and the Seller shall provide any information requested by CFIUS or any agency on behalf of CFIUS in connection with obtaining CFIUS Approval within the timeframes set forth in the DPA or such other timeframes as CFIUS may require.

(iv) The Buyer and the Seller shall enter into a mitigation agreement, letter of assurance, national security agreement, proxy agreement, trust agreement or other similar arrangement or agreement, and provide any other assurances as may be necessary requested or imposed by CFIUS as a condition of CFIUS Approval. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, (A) neither the Buyer nor any of its Affiliates shall be required to, and neither the Seller nor any Affiliate of the Seller shall, without the prior written consent of the Buyer, take or agree to any action, condition, or restriction to obtain CFIUS Approval that would, or would reasonably be expected to, result in a Burdensome Condition and (B) neither the Seller nor any Affiliate of the Seller shall be required to take or agree to any action, condition, or restriction required to obtain CFIUS Approval that would, or would reasonably be expected to, (x) require the Seller or any Affiliate of the Seller to take any of the actions set forth in Section 5.1 of this Agreement, (y) be performed by the Seller or any Affiliate of the Seller after the Closing Date or (z) require the Seller to amend, waive or otherwise modify any provision of this Agreement. For purposes of determining whether a Burdensome Condition exists, clauses v, vi, and vii of the definition of Material Adverse Effect shall be disregarded.

(v) If CFIUS informs the parties orally or in writing that CFIUS has recommended or intends to recommend in a report that the President of the United States prohibit the transactions contemplated by this Agreement, the Buyer or the Seller may, at either’s

discretion, withdraw the CFIUS Notice, the other party shall cooperate in such withdrawal, and neither the Buyer nor the Seller shall have any further obligation to seek CFIUS Approval.

(d) Each of the parties shall promptly notify the other party of any communication it or any of its Affiliates receives from any Governmental Authority relating to the matters that are the subject of this Agreement and permit the other party to review in advance any proposed communication by such party to any Governmental Authority. Neither party to this Agreement shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry unless it consults with the other party in advance and, to the extent permitted by such Governmental Authority, gives the other party the opportunity to attend and participate at such meeting. Subject to the Confidentiality Agreement and applicable Law, the parties will coordinate and cooperate fully with each other in exchanging such information and providing such assistance as the other party may reasonably request in connection with the foregoing and in seeking early termination of any applicable waiting periods including under any Required Filing. Subject to the Confidentiality Agreement and applicable Law, the parties will provide each other with copies of all correspondence, filings or communications between them or any of their Representatives, on the one hand, and any Governmental Authority or members of its staff, on the other hand, with respect to this Agreement and the transactions contemplated hereby.

(e) Notwithstanding anything to the contrary in Section 5.7(a), Sections 5.7(c)-(d) are the sole clauses governing CFIUS Approval.

Section 5.8 Further Assurances; Conveyance.

(a) After the Closing Date, each party hereto shall use its commercially reasonable efforts from time to time to execute and deliver at the reasonable written request of the other party such additional documents and instruments, and to take, or refrain from taking, such other actions, as may be reasonably required to give effect to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby.

(b) If, at any time in the twelve (12) months following the Closing, either party becomes aware that any Transferred Asset that should have been assigned, transferred, conveyed or delivered to, or any Assumed Liability that should have been assumed by, the Buyer or any of its Affiliates pursuant to the terms of this Agreement and the Ancillary Agreements, was not transferred, assigned, conveyed or delivered to, or assumed by, the Buyer or one of its Affiliates as contemplated by this Agreement and the Ancillary Agreements, then (i) the Seller shall, and shall cause its Affiliates to, cooperate with the Buyer and its Affiliates to promptly assign, transfer, convey or deliver such Transferred Asset to the Buyer or one of its Affiliates and (ii) the Buyer or one of its Affiliates shall promptly assume such Assumed Liability, in each case, for no consideration to the extent permitted by applicable Law and consistent with the terms of this Agreement and the Ancillary Agreements, as applicable. In the event that, in the first twelve (12) months following the Closing, any distributor returns to a Seller Party any Inventory sold to such distributor prior to Closing, the Seller shall cause such Seller Party to deliver such Inventory to the Buyer (any such deliveries to be made no less than quarterly to the extent that a Seller Party has received returns of Inventory during the applicable fiscal quarter). Delivery of Books and Records shall be subject to Section 5.8(g).

(c) If, at any time in the twelve (12) months following the Closing, either party becomes aware that any asset which is not a Transferred Asset and should have been retained by, or any Excluded Liability which should have been retained by, the Seller or one of its Affiliates pursuant to the terms of this Agreement and the Ancillary Agreements was assigned, transferred, conveyed or delivered to, or assumed by, the Buyer or one of its Affiliates, then (i) the Buyer shall, and shall cause its Affiliates to, cooperate with the Seller and its Affiliates to promptly assign, transfer, convey or deliver such asset to the Seller or one of its Affiliates and (ii) the Seller shall, or shall cause one of its Affiliates to, promptly assume such Excluded Liability, in each case, for no consideration to the extent permitted by applicable Law and consistent with the terms of this Agreement and the Ancillary Agreements, as applicable.

(d) The parties agree to use their reasonable best efforts to structure any transfer of assets, properties, rights, titles or interests, whether tangible or intangible, real or personal, referred to in Sections 5.7(b) and 5.7(d) in a manner that minimizes Taxes and is equitable from a legal perspective for the parties. The actions contemplated by Sections 2.1 and 2.2 shall be effected pursuant to transfer and assumption agreements or other instruments in such form as is necessary to effect a conveyance of the Transferred Assets and an assumption of the Assumed Liabilities in the jurisdictions in which such actions are to be made, and which shall be reasonably satisfactory to the Buyer and the Seller, to be executed (upon the terms and subject to the conditions hereof) on the Closing Date by the applicable Seller Parties and the applicable Buyer Parties, and such other conveyance, transfer and assumption documents as may be required in such jurisdictions, each of which shall be included in the meaning of Bill of Sale and Assignment and Assumption Agreement.

(e) From and after the Closing, if a Transferred Product relies on unique external Power Management ICs for which there is no viable substitute that is reasonably available on commercially reasonable terms other than through the Seller Group (“PMIC”), the Seller shall supply, to the extent practicable and commercially reasonable for the Seller to do so, to the Buyer Parties such PMIC under terms and conditions, including pricing, in line with historical trends for the expected lifecycle of such product or until an alternative source becomes available. In the event it is not practicable and commercially reasonable for the Seller to supply any such PMIC, the Seller shall, for no additional consideration, grant to the Buyer the necessary rights held by the Seller and its Affiliates to enable the Buyer and its Affiliates to manufacture or have manufactured such PMIC.

(f) If any Transferred Asset (other than Transferred Intellectual Property) is lost, destroyed, condemned or otherwise unable to be sold, assigned, transferred, conveyed or delivered to a Buyer Party at the Closing, the Seller or another Seller Party shall sell, assign, transfer, convey and deliver to the Buyer or another Buyer Party an asset of comparable value and utility at the Closing.

(g) The Seller’s obligations to deliver Books and Records at the Closing will be satisfied if the Seller delivers to the Buyer Books and Records that the Seller has identified after reasonable review. If, at any time in the twelve (12) months following the Closing, either party becomes aware that any Books and Records were not delivered to the Buyer and its Affiliates at the Closing, then the Seller shall, and shall cause its Affiliates to, cooperate with the Buyer and its Affiliates to promptly deliver such Books and Records to the Buyer or one of its Affiliates. The Buyer shall also have the rights specified in Section 5.2.

Section 5.9 No Solicitation.

(a) The Seller agrees that it will not, and will cause the other members of the Seller Group to not, (i) during the Restriction Period, personally or through others, directly or indirectly, encourage, induce, attempt to induce, solicit or attempt to solicit (on their own behalf or on behalf of any other Person) any Transferred Employee to leave his or her employment with the Buyer or its Affiliates, (ii) for twelve (12) months following the Closing Date, hire any Transferred Employee who resigns from his or her employment with the Buyer or its Affiliates, and (iii) with respect to any Business Employee who does not accept an offer of employment from the Buyer or its Affiliates under Section 5.5(a) (a “Non-Transferring Employee”), hire any such Non-Transferring Employee for a period of twelve (12) months following the Closing Date meeting the requirements of Section 5.5(a); provided, that no member of the Seller Group shall be restricted from (A) making a general solicitation that is not targeted specifically to any Transferred Employee, Non-Transferring Employee or group of the foregoing, (B) responding to any Transferred Employee or Non-Transferring Employee who contacts it at his or her own initiative without the prior direct or indirect encouragement or solicitation by any member of the Seller Group (other than as permitted by clause (A) or (C) of this proviso), (C) hiring persons, other than persons referred to in clause (ii) and (iii) for the periods specified therein, (x) who are referred by search firms or employment agencies or similar entities so long as such entities have not been instructed by any member of the Seller Group to solicit any Transferred Employee or Non-Transferring Employee or (y) to whom any member of the Seller Group may respond pursuant to clause (i) or (ii). Any violation of this Section 5.9(a) by any member of the Seller Group shall be deemed a violation of the Seller. The parties agree that if an employee of the Seller Group solicits a Transferred Employee without permission or authority from an executive officer of the Seller Group or member of the human resources department of the Seller Group, then such activity shall not be a violation of this Section 5.9(a) so long as the Seller Group terminates such solicitation activity promptly after an executive officer or member of the human resources group of the Seller Group becomes aware of such activity. The Buyer agrees to give notice to the Seller promptly if it becomes aware of any solicitation activity it believes may breach this Section 5.9(a), provided, that failure to give such notice shall not relieve any member of the Seller Group of any of its obligations under this Section 5.9(a).

(b) The Buyer agrees that it will not, and cause its Affiliates not to, from the date of this Agreement until the end of the Restriction Period personally or through others, encourage, induce, attempt to induce, solicit or attempt to solicit (on their own behalf or on behalf of any other Person) any employee of any member of the Seller Group (other than the Business Employees) regarding whom the Buyer Parties (including through the Transferred Employees) have Proprietary Information (as defined in the Confidentiality Agreement) or have had or will have contact in connection with or as a result of the transactions contemplated by this Agreement or the Ancillary Agreements (a “Seller Employee”) to leave his or her employment with such member of the Seller Group; provided, that none of the Buyer or its Affiliates shall be restricted from (i) making a general solicitation that is not targeted specifically to any Seller Employee or group of Seller Employees, (ii) responding to any Seller Employee who contacts it at his or her own initiative without the prior direct or indirect encouragement or solicitation by the Buyer or its Affiliates (other than as permitted by clause (i) or (iii) of this proviso), (iii) hiring persons (x) who are referred by search firms or employment agencies or similar entities so long as such entities have not been instructed by the Buyer or any of its Affiliates to solicit any Seller Employee or (y) to whom the Buyer or its Affiliates may respond pursuant to clause (i) or (ii). Any violation of this Section 5.9(b) by any Affiliate of the Buyer shall be deemed a violation of the Buyer. Notwithstanding Section 5.13, the parties agree that if an employee of the Buyer or its Affiliates solicits a Seller Employee without permission or authority from an executive officer of the Buyer or member of the human resources department of the Buyer,

then such activity shall not be a violation of this Section 5.9(b) so long as the Buyer terminates such solicitation activity promptly after an executive officer or member of the human resources group of the Buyer becomes aware of such activity. The Seller agrees to give notice to the Buyer promptly if it becomes aware of any solicitation activity it believes may breach this Section 5.9(b), provided, that failure to give such notice shall not relieve any Buyer Party of any of its obligations under this Section 5.9(b). In the event that this Agreement is terminated in accordance with its terms prior to Closing, in addition to any obligations under the Confidentiality Agreement, this Section 5.9(b) shall be binding upon the Buyer for the period from the date hereof until the first anniversary of the date of termination of this Agreement.

Section 5.10 Non-Competition.

(a) Except with the prior written consent of the Buyer, for a period of three (3) years following the Closing Date (the “Restriction Period”), the Seller shall not, and shall cause members of the Seller Group (the Seller together with the other members of the Seller Group, the “Restricted Entities”) not to operate or engage in, or take steps to prepare to operate or engage in, any business conduct or activity that would compete with the Business (as such Business is conducted immediately prior to the Closing Date) worldwide (such business, as so conducted, a “Competing Business”).

(b) Notwithstanding any provision to the contrary in this Section 5.10, any Restricted Entity may, directly or indirectly:

(i) purchase or otherwise acquire by merger, purchase of assets, stock or equity interest or otherwise any Person or business the acquisition of which would otherwise cause non-compliance with Section 5.10(a), other than a De Minimis Investment (an “Acquisition”), so long as no more than 25% of the revenues of such Person or business are derived from the Competing Business; provided that if the Seller or any of its Affiliates acquire any interest that is not a De Minimis Investment (whether as a result of a merger, purchase of assets, stock or equity interest or otherwise) in any Person or business that engages in a Competing Business, then, to the extent such Person or business is not a De Minimis Business, the Seller and its Affiliates shall, within twelve (12) months from the date such transaction is consummated (regardless of whether such twelve (12) months expires during or after the Restriction Period), either divest or Wind-Down such portion of any such Person or business that is a Competing Business;

(ii) acquire, own or manage for the account of third parties indirectly through a mutual fund, employee benefit plan, trust account not controlled by the Seller Group or similar investment pool or vehicle, any class of security of any Person regardless of whether such Person engages in a Competing Business; and

(iii) have manufactured and sell Business Products that are not Transferred Products; provided that the applicable Seller Party must send an “end-of-life” notice with respect to each such Business Product within sixty (60) days after the date hereof.

(c) The restrictions set forth in this Section 5.10 shall not apply to any third Person or any of such third Person’s current or future Affiliates that acquires, via a merger or business combination, any member of the Seller Group, or otherwise acquires all or part of the equity or assets of any member of the Seller Group.

(d) None of the following shall be a violation of this Section 5.10: (x) the sale, distribution, license, fulfillment or other disposition, or any research, development, design, manufacture, procurement, provision, use, testing, marketing, configuration, qualification, installation, integration, support, or other commercialization and use (the foregoing collectively, “Exploitation”), by any member of the Seller Group of products, technology, service or support that are not in the Competing Business (collectively “Non-Competing Products”) to Person(s) who are engaged in a Competing Business, including the Exploitation of Non-Competing Products for use or integration with products or technology that are in Competing Businesses, (y) the Exploitation of products, technology, services or support, or other conduct of business, involving or relating to wireless wide area networks such as products for cellular infrastructure, or (z) the prosecution of any Intellectual Property Right not included in the Transferred Assets.

(e) Exceptions set forth in Section 5.10(b)-(d) are set forth therein for the avoidance of doubt, as such exceptions cover actions not necessarily restricted by Section 5.10(a), and no inference shall be drawn that the activities described in such Section 5.10(b)-(d) are in any way restricted or limited by the restrictions set forth in Section 5.10(a).

(f) If, at any time of enforcement of any of the provisions of this Section 5.10, a court of competent jurisdiction holds that the restrictions stated herein are unreasonable under the circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area of this Section 5.10 shall be limited to those that are reasonable under the circumstances as determined by such court.

Section 5.11 Bulk Transfer Laws. The Buyer hereby waives compliance by the Seller Parties with the provisions of any so-called “bulk transfer laws” of any jurisdiction in connection with the sale of the Transferred Assets to the Buyer Parties.

Section 5.12 Third Party Licenses; Consents.

(a) The Buyer shall use commercially reasonable efforts to obtain prior to Closing (i) licenses from the third parties listed on Schedule 5.12 of the Disclosure Schedule with respect to the Transferred Products and the Business and (ii) any consents required from third parties (other than consents from Governmental Authorities, which shall be governed by Section 5.7), and the Seller shall use commercially reasonable efforts to assist the Buyer to obtain such licenses and consents prior to the Closing (provided that the Seller shall not be required to breach any confidentiality obligations to any third party in connection with this Section 5.12). Any such licenses shall specify that the transactions contemplated under this Agreement are not a sale of Inventory that would trigger royalties under the Seller Parties’ or the Buyer Parties’ licenses with such parties. The Seller shall use commercially reasonable efforts to assist the Buyer in transitioning applicable customers, vendors and suppliers of the Business, including by providing a notice of transfer of any Transferred Asset.

(b) In no event shall a Seller Party be required to make any payments in respect of any consent to assignment, or any third party license to be obtained by the Buyer, as a result of the transactions contemplated by this Agreement or any Ancillary Agreement.

Section 5.13 Cooperation Regarding Certain Employee Matters. During the period of twelve (12) months following the Closing, in the event that the Seller believes a Transferred Employee is violating a restrictive covenant or confidentiality obligation with respect to the Seller Parties, the Seller may communicate such belief to the Buyer and the Buyer will use commercially reasonable efforts to assist the Seller with enforcement of any such legally enforceable covenant or confidentiality that the Seller Parties had as of the Closing Date, in each case at the Seller’s cost and expense.

Section 5.14 Public Announcements. On and after the date hereof, the parties shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereby, and neither party nor any of its respective Affiliates shall issue any press release or make any public statement with respect to this Agreement or the transactions contemplated hereby prior to obtaining the other party’s written approval, which approval shall not be unreasonably withheld, except that no such approval shall be necessary to the extent (x) disclosure is substantially consistent with disclosure included in a press release or public statement previously approved by both parties or (y) disclosure may be required by applicable Law or any listing agreement of any party hereto (in the case of clause (y), the disclosing party, to the extent legally permissible and reasonably practicable, will use its commercially reasonable efforts to: (a) advise the other party before making such disclosure; and (b) provide the other party a reasonable opportunity to review and comment on such disclosure and consider in good faith any comments with respect thereto).

Section 5.15 Affiliate Transactions. Prior to Closing, the Seller shall have terminated or caused to be terminated without liability to any Buyer Party any Contract between the Seller or any of its Affiliates, on the one hand, and any Related Person, on the other hand, solely to the extent relating to the Business or the Transferred Assets.

Section 5.16 Transferred Patents.

(a) No more than forty-five (45) days after the date hereof, the Seller and the Buyer shall determine the list of Transferred Patents pursuant to the selection process described on Schedule 5.16(a)(i) of the Disclosure Schedules. Such selection process shall be conducted only with respect to the Patents listed on Schedule 5.16(a)(ii) of the Disclosure Schedules (the “Eligible Patents”), together with any “family” members. Patents will be selected by “family,” which means that Patents will be selected as a group together with any Patents that claim priority from or share priority with such listed Patents and any Patents terminally disclaimed from or to any such Patents. The Eligible Patents selected by the Buyer pursuant to such process shall be listed on Schedule 2.1(c)(i) of the Disclosure Schedules and shall be the Transferred Patents. The Eligible Patents selected by the Seller pursuant to such process shall be listed on Schedule 2.2(m) of the Disclosure Schedules and shall be Excluded Assets, and shall be Marvell Retained Patents for purposes of the Intellectual Property Agreement. In no event shall the Transferred Patents constitute more than fifty percent (50%) of the Patent families included on the list of Eligible Patents.

(b) With respect to any invention disclosures set forth on Schedule 2.1(c)(ii) of the Disclosure Schedules, fifteen (15) days prior to Closing, the Seller shall update such Schedule to (i) add any invention disclosures submitted pursuant to the Seller’s established invention disclosure process relating to the Business that include at least one Business Employee as a named inventor and (ii) remove any invention

disclosures for which a patent application was filed (“ID Filed Applications”). One half of the ID Filed Applications shall be listed on Schedule 2.1(c)(i) of the Disclosure Schedules and shall be Transferred Patents. One half of the ID Filed Applications shall be listed on Schedule 2.2(m) of the Disclosure Schedules and shall be Marvell Retained Patents for purposes of the Intellectual Property Agreement. No more than ten (10) days prior to the Closing, the Buyer and the Seller shall meet in good faith to allocate the ID Filed Applications in accordance with the two preceding sentences.

(c) The parties agree to the matters set forth in Schedule 5.16(c) of the Disclosure Schedules.

Section 5.17 Warranties. If a customer makes a claim under a warranty set forth on Schedule 3.18 of the Disclosure Schedules with respect to a Transferred Product manufactured, marketed, distributed or sold by the Business before the Closing Date, the Buyer shall determine whether to repair, replace or refund the purchase price of any such Transferred Product in accordance with the terms of the applicable warranty and in a manner consistent with the customary warranty claim practices of the Business as in effect prior to the Closing (including RMA processes).

(a) If the Buyer determines to replace such Transferred Product, the Buyer shall replace such Transferred Product, and the Seller shall bear the manufacturing, shipping, and other delivery costs of the Transferred Product issued as a replacement, in each case at the Buyer’s actual cost without markup by the Buyer.

(b) If the Buyer determines to refund the purchase price of such Transferred Product, the Seller shall bear such refund cost.

(c) If the Buyer determines to repair such Transferred Product, the Buyer shall repair such Transferred Product. The Buyer shall bear the cost to correct or modify the design of any Transferred Product or its associated Software associated with such repair, except to the extent an “end-of-life” notice was sent to customers with respect to such Transferred Product prior to the Closing Date, in which case the cost of such correction and modification shall be borne by the Seller.

The Seller shall promptly remit payment to the Buyer for any costs borne by the Buyer under this Section 5.17 upon receipt of an invoice from the Buyer. For the avoidance of doubt, compensation requests and other customer claims for damages in respect of Transferred Products that are manufactured, marketed, distributed or sold by the Business before the Closing Date (other than those expressly addressed in Sections 5.17(a), (b) or (c)), and their resolution shall remain the responsibility of the Seller, and Liabilities arising therefrom shall be Excluded Liabilities.

Section 5.18 Transition Services Agreement Schedules. During the period between the date hereof and the Closing Date, the Buyer and the Seller agree to cooperate in good faith to finalize the terms of the schedules to the Transition Services Agreement as the parties may mutually agree.

Article VI

TAX MATTERS

Section 6.1 Tax Matters.

(a) The Seller and the Buyer agree that the transactions contemplated hereby will be treated for all applicable Tax purposes as a purchase or sale of the Transferred Assets in exchange for the Purchase Price. For all Tax purposes, the Purchase Price plus any Assumed Liabilities that are treated as consideration for the Transferred Assets for U.S. federal income tax purposes (“Tax Purchase Price”) shall be allocated among each of the Seller Parties and Transferred Assets in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder. No portion of the Purchase Price shall be allocated to any other covenants (including the covenants contained in Section 5.10) or agreements contained in this agreement or any Ancillary Agreement (including the Intellectual Property Agreement).

(b) Within forty-five (45) days following the date hereof, the Seller shall deliver to the Buyer a schedule showing the portion of the Purchase Price allocable among each of the Seller Parties (including the amount pertaining to the Marvell India Pte. Ltd.) and a schedule showing the amount of the Tax Purchase Price allocable to the Marvell India Pte. Ltd. among the assets of the Marvell India Pte. Ltd. (such schedules, collectively, the “Seller Allocation Schedule”). Following the delivery of the Seller Allocation Schedule, the Buyer shall have a period of twenty (20) days to provide the Seller with a statement of any disputed items with respect to the Seller Allocation Schedule (a “Dispute Statement”) and the parties will negotiate in good faith to resolve such dispute. In the event that the Seller and the Buyer are unable to reach agreement with respect to any disputed items within a period of five (5) days after the Seller’s receipt of such Dispute Statement from the Buyer, all such disputed items shall be referred to a nationally recognized accounting firm mutually agreed upon by the Buyer and the Seller (the

“Arbiter”) for final resolution. The Buyer and the Seller shall act in good faith to cause the Arbiter to resolve any such disputed items within ten (10) days of having such items referred to the Arbiter, and the determination of the Arbiter shall be final and binding upon the Seller and the Buyer. The fees, costs and expenses of the Arbiter shall be borne equally by the Seller and the Buyer. The schedules, as prepared by the Seller if no Dispute Statement has been given, as adjusted pursuant to any agreement between the Buyer and the Seller, or as determined by the Arbiter, shall be considered the “Final Seller Allocation Schedule.”

(c) Within eighty (80) days after the date hereof, the Buyer shall prepare and deliver to the Seller a written schedule (the “Proposed Allocation”) allocating the amount allocated to each of the Seller Parties pursuant to the Final Seller Allocation Schedule among the Transferred Assets of each of the Seller Parties. The Proposed Allocation shall be based on and shall not be inconsistent with the Final Seller Allocation Schedule. If the Seller disagrees with the Proposed Allocation, the Seller may, within twenty (20) days after the Seller’s receipt of the Proposed Allocation, deliver a written notice (the “Allocation Dispute Notice”) to the Buyer to such effect, specifying those items with which the Seller disagrees and setting forth the Seller’s proposed allocation. The Buyer and the Seller shall use commercially reasonable efforts to reach agreement on the disputed items or amounts within five (5) days of the Buyer’s receipt of the Allocation Dispute Notice (the “Discussion Period”). If the Buyer and the Seller are unable to resolve by written agreement any differences identified in the Allocation Dispute Notice within the Discussion Period, then any disputed items shall be referred to the Arbiter. The Buyer and the Seller shall act in good faith to cause the Arbiter to resolve any such disputed items within ten (10) days of having such items referred to the Arbiter, and the determination of the Arbiter shall be final and binding upon the Seller and the Buyer and shall not be inconsistent with the Final Seller Allocation Schedule. The fees, costs and expenses of the Arbiter shall be borne equally by the Seller and by the Buyer. The allocation, as prepared by the Buyer if no Allocation Dispute Notice has been given, as adjusted pursuant to any agreement between the Buyer and the Seller, or as determined by the Arbiter, shall be the final allocation (the “Final Allocation”).

(d) Each party agrees to (i) be bound by the Final Allocation, (ii) act in strict accordance with the Final Allocation in the preparation and filing of all Returns, (iii) to the extent each party is required, timely file an IRS Form 8594 reflecting the Final Allocation for the taxable year that includes the Closing Date and to make any timely comparable filings required by applicable state or local Law and (iv) not take any position inconsistent with the Final Allocation for any Tax purpose, unless required by a “final determination” within the meaning of Section 1313(a) of the Code resulting from a Tax Action initiated by a Tax Authority challenging the Final Allocation, provided that the Buyer Parties’ cost for the Transferred Assets may differ from the amount so allocated to the extent necessary to reflect its capitalized acquisition costs not included in the amount realized by the Seller Parties. If any Tax Authority challenges the Final Allocation or any allocation resulting therefrom, the party receiving notice of such challenge shall give the other parties prompt written notice thereof and the parties shall use reasonable efforts to preserve the effectiveness of the Final Allocation.

(e) Any indemnification payment pursuant to Article VIII (or otherwise) treated as an adjustment to the total consideration paid for the Transferred Assets shall be reflected as an adjustment to the consideration allocated to a specific asset, if any, giving rise to the adjustment and if any such adjustment does not relate to a specific asset, such adjustment shall be allocated among the Transferred Assets in accordance with the Final Allocation method provided in this Section 6.1.

Section 6.2 Straddle Periods. All personal property Taxes, real property Taxes, and similar ad valorem obligations levied with respect to the Transferred Assets for a Straddle Period shall be apportioned between the Pre-Closing Tax Period and the Post-Closing Tax Period as of the Closing Date based on the number of days of such taxable period included in the Pre-Closing Tax Period and the number of days of such taxable period included in the Post-Closing Tax Period. The Seller shall be liable for the amount of such Taxes that is apportioned to the Pre-Closing Tax Period, and the Buyer shall be liable for the amount of such Taxes that is apportioned to the Post-Closing Tax Period. Within a reasonable period, the Seller, on the one hand, and the Buyer, on the other hand, shall present a statement to the other setting forth the amount of reimbursement to which each is entitled under this Section 6.2, together with such supporting evidence as is reasonably necessary to calculate the proration amount. The proration amount shall be paid by the party owing it to the other party within 10 days after delivery of such statement. Any payment required under this Section 6.2 and not made within 10 days after delivery of the statement shall bear interest at the rate per annum determined, from time to time, under the provisions of Section 6621(a)(2) of the Code for each day until paid.

Section 6.3 Cooperation on Tax Matters. The Buyer and the Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Transferred Assets (including access to books and records) as is reasonably necessary for the filing of all Returns, the making of any election relating to Taxes, the preparation for any audit by any Tax Authority and the prosecution or defense of any claims, suit or proceeding relating to any Tax and the payment of any amounts pursuant to Section 6.4 between the Buyer and the Seller.

Section 6.4 Transfer Taxes. All Transfer Taxes levied on the parties resulting from the transactions contemplated by this Agreement (which shall not include the transactions undertaken pursuant to the Transition Services Agreement) shall be borne 50% by the Seller and 50% by

the Buyer. Each of the parties shall cooperate as reasonably requested by the other party in order to minimize Transfer Taxes. Each of the parties shall sign and file or cause an Affiliate of each of them to timely sign and file all necessary Returns and other documentation with the relevant Governmental Authority relating to such Transfer Taxes as it may be required to sign or file under applicable Law, including any certificates or forms as may be reasonably necessary or appropriate to establish an exemption from (or otherwise reduce) such Transfer Taxes. If the Seller is required by Law to file any such Return or other documentation, the Buyer shall, upon the receipt of a valid Tax invoice or such other documentation as it may reasonably require, pay to the Seller the amount of any Taxes required to be borne by the Buyer under this Section 6.4 with respect to such Return no later than three days prior to the due date thereof (and any payment not made by such time shall bear interest at the rate per annum determined, from time to time, under the provisions of Section 6621(a)(2) of the Code for each day until paid). If the Buyer is required by Law to file any such Return or other documentation, the Seller shall, upon the receipt of a valid Tax invoice or such other documentation as it may reasonably require, pay to the Buyer the amount of any Taxes required to be borne by the Seller under this Section 6.4 with respect to such Return no later than three days prior to the due date thereof (and any payment not made by such time shall bear interest at the rate per annum determined, from time to time, under the provisions of Section 6621(a)(2) of the Code for each day until paid). At the request of each party, the other party shall reasonably cooperate in making any filings required in order to obtain a refund for any Transfer Tax incurred in connection with the transactions contemplated by this Agreement. Any such refunds shall (net of any reasonable out-of-pocket costs and Taxes actually incurred in respect of the receipt of the refund) be for the Buyer or the Seller, as the case may be, to the extent attributable to payments of Taxes made by each such party.

Article VII

CONDITIONS TO CLOSING

Section 7.1 General Conditions. The respective obligations of the Buyer Parties and the Seller Parties to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may, to the extent permitted by applicable Law, be waived in writing by either party in its sole discretion (provided, that such waiver shall only be effective as to the obligations of such party):

(a) No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement.

(b) Any waiting period (and any extension thereof) or required approval applicable to the transactions contemplated by this Agreement under any Required Antitrust Approval shall have expired or shall have been terminated or shall have been obtained, as applicable.

(c) CFIUS Approval shall have been obtained in accordance with Section 5.7(c) and shall be in full force and effect.

Section 7.2 Conditions to Obligations of the Seller Parties. The obligations of the Seller Parties to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by the Seller in its sole discretion:

(a) The Buyer Fundamental Representations shall be true and correct in all respects both when made and as of the Closing Date (except to the extent any such representation or warranty speaks as of a specified date, in which case such representation or warranty shall be true and correct in all respects as of such date). The representations and warranties of the Buyer contained in this Agreement (other than the Buyer Fundamental Representations) shall be true and correct both when made and as of the Closing Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such specified date (without giving effect to any limitation or qualification as to “materiality” (including the word “material”) or “Buyer Material Adverse Effect” set forth therein (“Buyer Materiality Qualifiers”)), except as would not have a Buyer Material Adverse Effect. The Buyer Parties shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing. The Seller shall have received from the Buyer a certificate to the effect set forth in the preceding sentences, signed by a duly authorized officer thereof.

(b) The Seller shall have received an executed counterpart of each of the Ancillary Agreements, signed by each party other than the Seller Parties and received the other items to be delivered by the Buyer Parties pursuant to Section 2.7(c).

Section 7.3 Conditions to Obligations of the Buyer Parties. The obligations of the Buyer Parties to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by the Buyer in its sole discretion:

(a) The Seller Fundamental Representations and the representations and warranties of the Seller contained in Section 3.6(b) shall be true and correct in all respects as of the date of this Agreement and as of the Closing (except to the extent any such representation or warranty speaks as of a specified date, in which case such representation or warranty shall be true and correct in all respects as of such date). The representations and warranties of the Seller contained in this Agreement (other than the Seller Fundamental Representations and the representations and warranties of the Seller contained in Section 3.6(b)) shall be true and correct both when made and as of the Closing Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such specified date (without giving effect to any limitation or qualification as to “materiality” (including the word “material”) or “Material Adverse Effect” set forth therein (“Seller Materiality Qualifiers”)), except as would not have a Material Adverse Effect. The Seller Parties shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing. The Buyer shall have received from the Seller a certificate to the effect set forth in the preceding sentences, signed by a duly authorized officer thereof.

(b) Since the date of this Agreement, there shall not have occurred a Material Adverse Effect. The Buyer shall have received from the Seller a certificate to the effect set forth in the preceding sentence, signed by a duly authorized officer thereof.

(c) The Buyer shall have received an executed counterpart of each of the Ancillary Agreements, signed by each party other than the Buyer Parties and received the other items to be delivered by the Seller Parties pursuant to Section 2.7(b).

Section 7.4 Frustration of Closing Conditions. No party may rely on the failure of any condition set forth in this Article VII to be satisfied if such failure was caused by such party’s failure to use efforts to cause the Closing to occur as required by Section 5.7.

Article VIII

INDEMNIFICATION

Section 8.1 Survival of Representations, Warranties and Covenants

(a) The representations and warranties of the Seller and the Buyer contained in this Agreement, each Bill of Sale and Assignment and Assumption Agreement, and each Intellectual Property Assignment (the “Indemnification Ancillary Agreements”) shall survive the Closing for a period of 12 months after the Closing Date; provided, however, that the Buyer Fundamental Representations, the representations and warranties contained in Section 3.1 (Organization and Qualification), Section 3.2 (Authority), Section 3.3(a)(i) (No Conflict), Section 3.21 (Brokers) (collectively, the “Seller Fundamental Representations”) and the IP Sufficiency Representation shall survive the Closing until the later of (A) the five-year anniversary of the Closing Date and (B) 60 days past the expiration of the statute of limitations applicable to matters covered thereby (after giving effect to any waiver or extension thereof granted by the applicable party or the pendency of any legal dispute resolution process).

(b) The covenants and agreements of the Seller and the Buyer contained in this Agreement and the Indemnification Ancillary Agreements that by their terms contemplate performance prior to the Closing shall survive the Closing for a period of 12 months after the Closing Date. The covenants and agreements of the Seller and the Buyer contained in this Agreement and the Indemnification Ancillary Agreements that by their terms contemplate performance in whole or in part after the Closing shall survive for a period of 30 days following the date by which such performance was due.

(c) The survival periods set forth in Sections 8.1(a) and (b) are in lieu of, and the parties expressly waive, any otherwise applicable statute of limitations, whether arising at law or in equity. Any claim for breach of representation or warranty hereunder shall be deemed to have accrued as of the Closing. No claim for breach of any representation, warranty, covenant or agreement may be brought after expiration of the survival periods set forth in Sections 8.1(a) and (b).

Section 8.2 Indemnification by the Seller. From and after the Closing, the Seller shall indemnify and hold harmless the Buyer, its Affiliates, and its and their respective officers, directors, employees and agents (collectively, the “Buyer Indemnified Parties”) from and against

any losses, Liabilities, damages and expenses (including attorneys' fees and disbursements) (hereinafter collectively, "Losses") to the extent arising out of or resulting from:

(a) any breach of any representation or warranty (other than a Seller Fundamental Representation or the IP Sufficiency Representation) made by a Seller Party contained in this Agreement or any Indemnification Ancillary Agreement (in each case disregarding all Seller Materiality Qualifiers);

(b) any breach of any covenant or agreement of any Seller Party or breach of any Seller Fundamental Representation made by a Seller Party contained in this Agreement or any Indemnification Ancillary Agreement (the case of the Seller Fundamental Representations, disregarding all Seller Materiality Qualifiers);

(c) any breach of the IP Sufficiency Representation (in each case disregarding all Seller Materiality Qualifiers); and

(d) any Excluded Liability.

Section 8.3 Indemnification by the Buyer. From and after the Closing, the Buyer shall indemnify and hold harmless the Seller, its Affiliates, and its and their respective officers, directors, employees and agents (collectively, the "Seller Indemnified Parties") from and against any and all Losses to the extent arising out of or resulting from:

(a) any breach of any representation or warranty made by any Buyer Party contained in this Agreement or any Indemnification Ancillary Agreement (in each case disregarding all Buyer Materiality Qualifiers);

(b) any breach of any covenant or agreement of any Buyer Party or breach of any Buyer Fundamental Representation made by a Buyer Party contained in this Agreement or any Indemnification Ancillary Agreement (the case of the Buyer Fundamental Representations, disregarding all Buyer Materiality Qualifiers); and

(c) any Assumed Liability.

Section 8.4 Procedures.

(a) In order for a Buyer Indemnified Party or Seller Indemnified Party (the "Indemnified Party") to be entitled to any indemnification provided for under this Agreement as a result of a Loss or a claim or demand made by any Person against the Indemnified Party (a "Third Party Claim"), such Indemnified Party shall deliver notice thereof to the party against whom indemnity is sought (the "Indemnifying Party") promptly after receipt by such Indemnified Party of written notice of the Third Party Claim, describing in reasonable detail (i) the facts giving rise to any claim for indemnification hereunder, (ii) the amount or method of computation of the amount of such claim, (iii) each individual item of Loss included in the amount so stated, to the extent known, (iv) the date such item was paid or properly accrued, and (v) the nature of the breach of representation, warranty, covenant or agreement with respect to which such Indemnified Party claims to be entitled to indemnification hereunder (all of the foregoing, the "Claim Information"), and shall provide any other information with respect thereto as the Indemnifying Party may reasonably request. The failure to provide such notice, however, shall not release the Indemnifying Party from any of its obligations under this Article VIII except to the extent that the Indemnifying Party is prejudiced by such failure.

(b) The Indemnifying Party shall have the right to assume the defense of a Third Party Claim at the expense of the Indemnifying Party with counsel selected by the Indemnifying Party, unless the Indemnifying Party has by written notice to the Indemnified Party of such assumption within 30 days after receipt of notice from the Indemnified Party of the commencement of such Third Party Claim. The Indemnified Party shall be entitled to employ separate counsel and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party, except that the reasonable fees and expenses of such separate counsel shall be borne by the Indemnifying Party if the Indemnified Party has been advised by outside counsel that the Third Party Claim is one in which the Indemnifying Party is also a party and joint representation would be inappropriate or there are legal defenses which are reasonably available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party. The Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. All reasonable and actual out-of-pocket costs and expenses incurred in connection with such reasonable cooperation shall be borne by the Indemnifying Party. The Indemnified Party shall

agree to any settlement, compromise or discharge of such Third Party Claim that the Indemnifying Party may recommend and that by its terms obligates the Indemnifying Party to pay the full amount of the Liability in connection with such Third Party Claim, and which releases the Indemnified Party completely in connection with such Third Party Claim. The Indemnified Party shall not admit any Liability with respect to, or settle, compromise or discharge, or offer to settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent, (which consent shall not be unreasonably withheld).

(c) Notwithstanding anything to the contrary herein, if the Seller is the Indemnifying Party, the Indemnifying Party shall not be entitled to assume control of the defense of the Third Party Claim for any Third Party Claim that does not relate to an Excluded Liability if (i) the Third Party Claim is asserted by or on behalf of a Person that is a material supplier, material customer or otherwise has a material relationship with the Business involving a matter that would materially and adversely affect the Business, (ii) the Third Party Claim relates to or arises in connection with any criminal or quasi-criminal proceeding, action, indictment, allegation or investigation, (iii) the Third Party Claim seeks primarily injunctive or other equitable relief applicable to the Indemnified Party, (iv) the Third Party Claim, if determined adversely, could reasonably be expected to result in Losses in an amount in excess of the Indemnified Party's right to recover pursuant to this Article VIII, or (v) the Indemnified Party shall have reasonably concluded that an actual or potential conflict of interest exists between the Indemnifying Party and the Indemnified Party that would make separate representation advisable.

(d) If the Indemnifying Party has assumed the control and defense of a Third Party Claim, the Indemnifying Party will not enter into any settlement of any Third Party Claim (i) that would lead to any Loss on the part of the Indemnified Party for which the Indemnified Party is not entitled to indemnification hereunder, (ii) which provides for injunctive or other non-monetary relief applicable to the Indemnified Party or does not include an unconditional release of all Indemnified Parties, or (iii) involves any finding or admission of any violation of Law or admission of any wrongdoing by or on behalf of the Indemnified Party or any violation of the rights of any Person by or on behalf of the Indemnified Party or includes a statement or admission of fault, culpability or failure to act by or on behalf of any Indemnified Party, in each case, without the prior written consent of the Indemnified Party.

(e) In the event any Indemnified Party should have a claim against any Indemnifying Party hereunder that does not involve a Third Party Claim being asserted against or sought to be collected from such Indemnified Party, the Indemnified Party shall deliver notice of such claim containing the Claim Information promptly to the Indemnifying Party, and shall provide any other information with respect thereto as the Indemnifying Party may reasonably request (a "Claim Notice"). The Indemnifying Party will have forty-five (45) days from receipt of such Claim Notice to dispute the claim. If the Indemnifying Party does not give notice to the Indemnified Party that it disputes such claim within forty-five (45) days after its receipt of the Claim Notice, the claim specified in such Claim Notice will be conclusively deemed a Loss subject to indemnification hereunder. If the Indemnifying Party delivers a notice that it disputes such claim within the forty-five (45) days after its receipt of the Claim Notice, then the parties shall promptly meet and use their reasonable efforts to settle the dispute. The failure to provide a Claim Notice, however, shall not release the Indemnifying Party from any of its obligations under this Article VIII except to the extent that the Indemnifying Party is prejudiced by such failure. The Indemnified Party shall reasonably cooperate and assist the Indemnifying Party in determining the validity of any claim for indemnity by the Indemnified Party and in otherwise resolving such matters. Such assistance and cooperation shall include providing reasonable access to and copies of information, records and documents relating to such matters, furnishing employees to assist in the investigation, defense and resolution of such matters and providing legal and business assistance with respect to such matters. For the avoidance of doubt, the Indemnified Party shall not be entitled to commence any Action against the Indemnifying Party for indemnification pursuant to this Section 8.4(e), unless the notice and procedural provisions set forth herein shall have been satisfied prior thereto.

Section 8.5 Limits on Indemnification.

(a) Notwithstanding anything to the contrary contained in this Agreement, other than in the event of Fraud:

(i) the Seller shall not be liable to any Buyer Indemnified Party for any claim for indemnification pursuant to Section 8.2(a) or Section 8.2(c) with respect to any claim unless such claim (together with all other claims, if any, resulting from substantially similar underlying facts, events or circumstances) involves Losses in excess of \$150,000 (nor shall such item be applied to or considered for purposes of calculating the aggregate amount of Buyer Indemnified Parties' Losses for purposes of clause (ii) below);

(ii) the Seller shall not be liable to any Buyer Indemnified Party for any claim for indemnification pursuant to Section 8.2(a) unless and until the aggregate amount of all such Losses that may be recovered from the Seller equals or exceeds \$8,800,000 (the "Basket Amount"), in which case the Seller shall be liable only for the Losses in excess of the Basket Amount;

(iii) the maximum amount of indemnification available to any Indemnified Parties (A) against the Seller Parties pursuant to Section 8.2(a) or against the Buyer Parties pursuant to Section 8.3(a) shall be equal to \$52,800,000, (B) against the Seller Parties pursuant to Section 8.2(b) or against the Buyer Parties pursuant to Section 8.3(b) shall be equal to the Purchase Price, and (C) against the Seller Parties pursuant to Section 8.2(c) shall be equal to \$176,000,000;

(iv) no party hereto shall have any Liability under any provision of this Agreement for any punitive, consequential, or incidental damages or special or indirect damages under this Article VIII (except to the extent such damages are actually recovered by a third party in a Third Party Claim); and

(v) notwithstanding any provision to the contrary in this Agreement, any obligation of the Seller for indemnity with respect to Tax matters shall be limited solely to Taxes with respect to Pre-Closing Tax Periods and the Seller shall have no obligation for Taxes with respect to Post-Closing Tax Periods.

(b) The amount of any and all Losses under this Article VIII shall be determined net of any insurance, indemnity, reimbursement arrangement, contract or other recovery available to the Indemnified Party or its Affiliates in connection with the facts giving rise to the right of indemnification (each, an “Alternative Recovery”); provided, the Indemnified Party shall not be required to pursue Alternative Recovery against any: (x) other Indemnified Party; or (y) customer, supplier or counterparty to a Material Contract unless such indemnification obligation exceeds \$1,000,000 and it would be commercially reasonable to do so. Each party hereby waives, to the extent permitted under its applicable insurance policies, any subrogation rights that its insurer may have with respect to any indemnifiable Losses. In the event that the Indemnified Party receives recovery of any amount pursuant to an Alternative Recovery for which it has already been indemnified by the Indemnifying Party hereunder, the Indemnified Party will promptly refund an equal amount to the Indemnifying Party.

(c) The Buyer and the Seller shall cooperate with each other with respect to resolving any claim or Loss for which indemnification may be required hereunder, including by making, or causing the applicable Indemnified Party to make, all commercially reasonable efforts to mitigate any such claim or Loss. Nothing in the foregoing shall require a party hereto to waive the attorney-client privilege, work product protection or similar privilege or protection.

Section 8.6 Exclusive Remedy.

(a) After the Closing, subject to Section 8.6(b), this Article VIII will provide the exclusive remedy against the Seller and its Affiliates, in the case of Buyer Indemnified Parties, and against the Buyer and its Affiliates, in the case of Seller Indemnified Parties, for any breach of any representation, warranty, covenant or other claim arising out of or relating to this Agreement or any Indemnification Ancillary Agreement and/or the transactions contemplated hereby or thereby.

(b) Notwithstanding anything to the contrary set forth in this Agreement, nothing in this Agreement shall (i) preclude a party from bringing any action seeking specific performance or other equitable remedy pursuant to Section 10.13 to require any other party to perform its obligations under this Agreement or an Indemnification Ancillary Agreement or (ii) limit the Buyer's recourse or operate to release any of the Indemnified Parties in respect of Fraud with respect to the subject matter of the representations and warranties set forth in this Agreement.

(c) The parties hereto agree that the provisions in this Agreement relating to indemnification, and the limits imposed on the parties' remedies with respect to this Agreement and the transactions contemplated hereby were specifically bargained for between sophisticated parties and were specifically taken into account in the determination of the terms of this Agreement and the Indemnification Ancillary Agreements.

Section 8.7 Treatment of Indemnity Payments. Following the Closing, any payment made pursuant to this Article VIII shall be treated by the parties hereto, to the extent permitted by Law, for federal income Tax and other applicable Tax purposes, as an adjustment to the cash proceeds received by the Seller Parties in the transaction contemplated by this Agreement.

Article IX

TERMINATION

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of the Buyer and the Seller;

(b) (i) by the Seller, if the Seller is not in breach of its representations, warranties, covenants or other obligations under this Agreement which would result in the failure to satisfy any of the conditions in Section 7.3(a) and the Buyer breaches or fails to perform in any respect any of its representations, warranties or covenants contained in this Agreement and such breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 7.2(a), (B) cannot be cured or has not been cured within 30 days following delivery of written notice of such breach or failure to perform and (C) has not been waived by the Seller or (ii) by the Buyer, if the Buyer is not in breach of its obligations under this Agreement representations, warranties, covenants or other obligations under this Agreement which would result in the failure to satisfy any of the conditions in Section 7.2(a) and the Seller Parties breach or fail to perform in any respect any of its representations, warranties or covenants contained in this Agreement or any Ancillary Agreement and such breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 7.3(a), (B) cannot be cured or has not been cured within 30 days following delivery of written notice of such breach or failure to perform and (C) has not been waived by the Buyer;

(c) by either the Seller or the Buyer if the Closing shall not have occurred by August 31, 2020 (the "Termination Date"); provided, that the right to terminate this Agreement under this Section 9.1(c) shall not be available if the failure of the party so requesting termination to fulfill any obligation under this Agreement shall have been the cause of the failure of the Closing to occur on or prior to such date; or

(d) by either the Seller or the Buyer if any Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law that permanently restrains, enjoins or otherwise prohibits consummation of the transactions contemplated by this Agreement or the Ancillary Agreements or makes illegal the consummation of such transactions, and such Law shall have become final and non-appealable, unless the failure to consummate the Closing because of such action by a Governmental Authority results from a material breach by the party seeking to terminate this Agreement of its obligations under this Agreement.

The party seeking to terminate this Agreement pursuant to this Section 9.1 (other than Section 9.1(a)) shall give prompt written notice of such termination to the other party.

Section 9.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith become void and there shall be no Liability on the part of either party except for the provisions of Sections 3.21 and 4.5 relating to broker's fees and finder's fees, Section 5.6 relating to confidentiality, Section 5.9(b) relating to nonsolicitation, Section 5.14 relating to public announcements, this Section 9.2 and Article X; provided, that nothing herein shall relieve either party from any Liability for any Fraud or willful and material breach of this Agreement prior to such termination.

Article X

GENERAL PROVISIONS

Section 10.1 Fees and Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with or related to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby shall be paid by the party incurring such fees or expenses, whether or not such transactions are consummated.

Section 10.2 Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each party.

Section 10.3 Waiver; Extension. The Seller, on the one hand and the Buyer, on the other hand, may (a) extend the time for performance of any of the obligations or other acts of the other party contained herein, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document, certificate or writing delivered by such party pursuant hereto, or (c) waive compliance by the other party with any of the agreements or conditions contained herein. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in a written agreement signed on behalf of such party. No failure or delay of either party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of either party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such party.

Section 10.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile or e-mail, upon written confirmation of receipt by facsimile, e-mail or otherwise (other than automatically generated confirmation), (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(i) if to the Seller, to:

Marvell Technology Group Ltd.

Canon's Court

22 Victoria Street

Hamilton HM 12 Bermuda

Attention: General Manager

E-mail: c/o Mitch Gaynor, mgaynor@marvell.com

with a copy (which shall not constitute notice) to:

Marvell Semiconductor, Inc.

5488 Marvell Lane

Santa Clara, CA 95054

Attention: Chief Administration and Legal Officer

E-mail: mgaynor@marvell.com

and a copy (which shall not constitute notice) to:

Gibson, Dunn & Crutcher LLP

555 Mission Street Suite 3000

San Francisco, California 94105

Attention: Stewart L. McDowell

Facsimile: (415) 374-8461

E-mail: smcdowell@gibsondunn.com

(ii) if to the Buyer, to:

NXP USA, Inc.

6501 W. William Cannon Dr.

Austin, Texas 78735

Attention: General Counsel

E-mail: general.counsel@nxp.com

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP

Four Times Square

New York, New York 10036

Attention: Allison R. Schneirov

Facsimile: (917) 777-4138

E-mail: Allison.Schneirov@skadden.com

and

Skadden, Arps, Slate, Meagher & Flom LLP

525 University Avenue

Palo Alto, California 94301

Attention: Sonia K. Nijjar

Facsimile: (650) 798-6528

E-mail: Sonia.Nijjar@skadden.com

Section 10.5 Interpretation. When a reference is made in this Agreement to a Section, Article, Exhibit or Schedule such reference shall be to a Section, Article, Exhibit or Schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit or Schedule are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word “including” and words of similar import when used in this Agreement will mean “including, without limitation,” unless otherwise specified. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to the Agreement as a whole and not to any particular provision in this Agreement. The term “or” is not exclusive. The word “will” shall be construed to have the same meaning and effect as the word “shall.” References to days mean calendar days unless otherwise specified.

Section 10.6 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto), the Ancillary Agreements and the Confidentiality Agreement constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the parties with respect to the subject matter hereof and thereof. Neither this Agreement nor any Ancillary Agreement shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any party with respect to the transactions contemplated hereby or thereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder and none shall be deemed to exist or be inferred with respect to the subject matter hereof. Notwithstanding any oral agreement or course of conduct of the parties or their Representatives to the contrary, no party to this Agreement shall be under any legal obligation to enter into or complete the transactions contemplated hereby unless and until this Agreement shall have been executed and delivered by each of the parties.

Section 10.7 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except with respect to the provisions of Article VIII, which shall inure to the benefit of the applicable Indemnified Parties.

Section 10.8 Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware or any other jurisdiction.

Section 10.9 Submission to Jurisdiction. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by any party or its successors or assigns against the other party shall be brought and determined in the Court of Chancery of the State of Delaware, provided, that if jurisdiction is not then available in the Court of Chancery of the State of Delaware, then any such legal action or proceeding may be brought in any federal court located in the State of Delaware or any other Delaware state court, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the parties agrees not to commence any action, suit or proceeding relating thereto except in the courts described above in Delaware, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in Delaware as described herein. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement

or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts in Delaware as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

Section 10.10 Disclosure Generally. Notwithstanding anything to the contrary contained in the Disclosure Schedules or in this Agreement, the information and disclosures contained in any Disclosure Schedule shall be deemed to be disclosed and incorporated by reference in any other Disclosure Schedule as though fully set forth in such Disclosure Schedule for which applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any Disclosure Schedule shall not be construed to mean that such information is required to be disclosed by this Agreement. Such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms “material” or “Material Adverse Effect” or other similar terms in this Agreement.

Section 10.11 Personal Liability. This Agreement shall not create or be deemed to create or permit any personal Liability or obligation on the part of any direct or indirect stockholder of the Seller or the Buyer or any officer, director, employee, Representative or investor of either party hereto.

Section 10.12 Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by either party without the prior written consent of the other party, and any such assignment without such prior written consent shall be null and void; provided, however, that the Buyer may assign this Agreement to any Affiliate of the Buyer without the prior consent of the Seller, except as set forth herein; provided further, that the Seller may assign any of its rights under this Agreement, including the right to receive the Purchase Price, to one or more Affiliates of the Seller without the consent of the Buyer; provided still further, that no assignment shall limit the assignor’s obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns. Notwithstanding the foregoing, the Buyer shall not assign the rights under this Agreement to acquire any of the Transferred Intellectual Property to any Affiliate organized outside the United States without the prior written consent of the Seller.

Section 10.13 Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any law to post security as a prerequisite to obtaining equitable relief.

Section 10.14 Currency. All references to “dollars” or “\$” or “US\$” in this Agreement or any Ancillary Agreement refer to United States dollars, which is the currency used for all purposes in this Agreement and any Ancillary Agreement.

Section 10.15 Severability. If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, so long as the economic and legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party, such holding or action shall be strictly construed and shall not affect the validity or effect of any other provision hereof, as long as the remaining provisions, taken together, are sufficient to carry out the overall intentions of the parties as evidenced hereby. The Buyer and the Seller agree that they shall, to the extent lawful and practicable, use their respective commercially reasonable efforts to enter into arrangements to reinstate the intended benefits, net of the intended burdens, of any such provision held invalid or unenforceable.

Section 10.16 Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 10.17 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

Section 10.18 Facsimile or .pdf Signature. This Agreement may be executed by facsimile or .pdf signature and a facsimile or .pdf signature shall constitute an original for all purposes.

Section 10.19 Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

Section 10.20 No Presumption Against Drafting Party. Each of the Buyer and the Seller acknowledges that each party to this Agreement has been represented by legal counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Seller and the Buyer have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

MARVELL TECHNOLOGY GROUP LTD.

By: _____

Name: Mitch Gaynor

Title: Chief Administration and Legal

Officer

NXP USA, INC.

By: _____

Name: Sean Pitonak

Title: Vice President, Corporate

Development and M&A

CERTIFICATION

I, Matthew J. Murphy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Marvell Technology Group Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 4, 2019

By: /s/ MATTHEW J. MURPHY

Matthew J. Murphy
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Jean Hu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Marvell Technology Group Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 4, 2019

By: /s/ JEAN HU

Jean Hu
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

I, Matthew J. Murphy, the Principal Executive Officer of Marvell Technology Group Ltd. (the “Registrant”), certify for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge,

- (i) the Quarterly Report of the Registrant on Form 10-Q for the fiscal quarter ended August 3, 2019 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: September 4, 2019

By: /s/ MATTHEW J. MURPHY

Matthew J. Murphy
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Jean Hu, the Principal Financial Officer of Marvell Technology Group Ltd. (the “Registrant”), certify for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge,

- (i) the Quarterly Report of the Registrant on Form 10-Q for the fiscal quarter ended August 3, 2019 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: September 4, 2019

By: /s/ JEAN HU

Jean Hu
Chief Financial Officer
(Principal Financial Officer)