

PART I

Item 1. *Business*

Overview

We are a fabless semiconductor provider of high-performance application-specific standard products. Our core strength of expertise is the development of complex System-on-a-Chip (“SoC”) and System-in-a-Package (“SiP”) devices, leveraging our extensive technology portfolio of intellectual property in the areas of analog, mixed-signal, digital signal processing, and embedded and standalone integrated circuits. The majority of our product portfolio leverages the ARM technology portfolio. We also develop platforms that we define as integrated hardware along with software that incorporates digital computing technologies designed and configured to provide an optimized computing solution. Our broad product portfolio includes devices for data storage, enterprise-class Ethernet data switching, Ethernet physical-layer transceivers (“PHY”), mobile handsets, connectivity, Internet-of-Things (“IoT”) devices and other consumer electronics. We were incorporated in Bermuda in January 1995.

Our registered and mailing address is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda, and our telephone number there is (441) 296-6395. The address of our U.S. operating subsidiary is Marvell Semiconductor, Inc., 5488 Marvell Lane, Santa Clara, California 95054, and our telephone number there is (408) 222-2500. We also have operations in many countries, including Canada, China, India, Israel, Italy, Japan, Malaysia, Singapore, South Korea, Spain, Sweden, Switzerland and Taiwan. Our fiscal year ends on the Saturday nearest January 31. For example, the fiscal year ended January 31, 2015 is referred to as fiscal 2015.

Available Information

Our website address is located at www.marvell.com. The information contained in our website does not form any part of this Annual Report on Form 10-K. However, we make available free of charge through our website our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as soon as reasonably practicable after we electronically file this material with, or furnish it to, the U.S. Securities and Exchange Commission (“SEC”).

Our Markets and Products

Over the last several years, we have transitioned from a supplier of standalone semiconductor components to a supplier of fully integrated platform solutions. Our platform solutions contain multiple intellectual property components in integrated hardware along with software that incorporates digital, analog and mixed-signal computing and communication technologies, designed and configured to provide an optimized solution compared to individual components. Our solutions have become increasingly integrated, with more and more components resulting in an all-in-one solution for a given customer’s end product. The demand for such highly integrated platform solutions is generally driven by technological changes and anticipation of the future needs of device manufacturers and end users, as well as, to an increasing extent, service providers, including cellular network carriers and Internet based applications providers. For example, in order to provide a complete solution for a specific handheld consumer electronics device, a device manufacturer may require a solution that integrates a high-performance applications processor, along with seamless communications capability with a 3G/4G Long-Term Evolution (“LTE”) multi-band modem, Wi-Fi, Bluetooth, radio frequency (“RF”), GPS and near field communication (“NFC”). In addition, a device manufacturer may require high-definition graphics processing, high-definition video and audio, and power management. These platforms will often cross multiple end markets, integrating components and technologies traditionally associated with one end market with components and technologies from another end market. For example, we may integrate an applications processor, traditionally associated with the mobile and wireless end market, with software and other components in an end user product targeting the home cloud. Therefore, it has become critical that our products across multiple end markets work together seamlessly.

[Table of Contents](#)

The integration of these various technologies onto a single piece of silicon is referred to as SoC. The development of SoC's became increasingly popular over the past decade, particularly within end markets such as mobile. We believe the development of SoC's will continue to be popular for various end devices in the years to come.

In addition, software has become increasingly important to our business over the last several years and we expect software to become even more important in the years to come. On-chip software, which acts as the "driver" for the functionality of the chip, has always been a critical part of our business. However, the software that we deliver with our chip has become significantly more complex as the range of uses and the needs in application-level software have increased. For example, a chip that we develop for a smartphone may need to include software that is compatible with the latest version of a specific company's operating system that enables 3D user interface and graphics, and that works seamlessly with a variety of popular end user applications. These demands require a significant amount of up-front software development, testing, and often, additional licensing.

The market for consumer electronics devices is becoming increasingly standards-based. These standards change rapidly and often several different standards may exist and overlap in a single market. Our platforms are typically designed to operate seamlessly with all relevant standards, which require us to design products in anticipation of these relevant standards. For example, we have communications processors and software designed to operate on several different cellular standards, including GSM/enhanced data for the GSM environment ("EDGE") (2G), WCDMA (3G), TD-SCDMA (China 3G) and 4G LTE.

Our current product offerings are primarily in three broad end markets: mobile and wireless, storage, and networking. Our net revenue by end market for the last three fiscal years are as follows:

	Year Ended					
	January 31, 2015		February 1, 2014		February 2, 2013	
	(in millions, except for percentages)					
Mobile and Wireless	\$ 1,072	29%	\$ 839	25%	\$ 823	26%
Storage	1,745	47%	1,682	49%	1,495	47%
Networking	675	18%	670	20%	709	22%
Other	215	6%	213	6%	142	5%
Total	<u>\$ 3,707</u>		<u>\$ 3,404</u>		<u>\$ 3,169</u>	

Mobile and Wireless

Communications and Applications Processors

Our communications processors are highly integrated cellular SoC devices that enable mobile handset developers to address GSM/EDGE (2G), WCDMA (3G), TD-SCDMA (China 3G) and 4G LTE mobile network standards. Our communication products include high-performance multi-band baseband thin modems and applications processors in highly integrated low-power platforms for voice, computation and multimedia-intensive mobile applications for smartphones and tablets. We also offer "thin modems," highly optimized multi-mode baseband modem devices without an application processor.

Connectivity

We offer a variety of connectivity solutions, including Wi-Fi, Bluetooth, NFC and FM. These products are integrated into a wide variety of end-customer devices, such as mobile phones, gaming devices, printers, video dongles tablets, in-car infotainment and smart appliances. Our products are well positioned to deliver low-power and high-performance functionality with the latest technologies, such as Wi-Fi Certified Passpoint, Wi-Fi Certified Miracast, IEEE 802.11ac and Bluetooth Smart Ready. We have a broad wireless product portfolio that includes single stream 1x1, 2x2 MIMO and 4x4 MIMO devices, as well as Global Navigation Satellite System hybrid location products.

[Table of Contents](#)

Mobile Computing

We offer high-performance applications processors that are designed to deliver advanced integration, excellent multimedia performance and superior power consumption savings for mobile computing products. These products have been incorporated into tablets, notebooks, eReaders, gaming devices, scanners and educational devices.

Other Technologies

We incorporate a variety of other technologies into our platforms, depending on the needs of our customers and their end products, including power management, GPS, memory, RF and memory.

Storage

Hard Disk Drive Controllers

Hard disk drive (“HDD”) controllers provide high-performance input/output (“I/O”) interface control between the HDD and the host system. We support a variety of host system interfaces, including SATA, SAS, PCIe and USB, which can support the complete range of enterprise, desktop and mobile HDDs. We are the leading HDD controller supplier and currently supply products to all of the major hard drive manufacturers. Our HDD controllers with advanced 500-gigabyte-per-platter technology for mobile HDDs provide a technological advantage that enables a higher level of data storage on a smaller form factor.

Solid-State Drive Controllers

Our solid-state drive (“SSD”) controller SoCs are targeted at the growing market for flash-based storage systems, for the enterprise, consumer and mobile computing markets, as well as for smartphones and tablets. We support a variety of host system interfaces, including PCIe, SATA, SAS and emerging mobile standards.

Networking

Ethernet Solutions

Ethernet connectivity is pervasive throughout networking infrastructures built for enterprise, small and medium business, home office, service provider and data centers. Our Ethernet solutions address a wide variety of end-customer products for those market spaces, from small, cost-effective appliances to large, high-performance modular solutions. Our Ethernet products include: a broad selection of Ethernet Switches with market optimized advanced features, such as audio video bridging and network traffic management, that make networks more effective at delivering content, and range from low-power five port switches to highly integrated, multi terabit Ethernet SoC devices that can be interconnected to form massive network solutions; a broad selection of Ethernet Transceivers for both fiber and copper interconnect with advanced power management, link security and time synchronization features that complement our Ethernet Switch and Embedded Communication Processors; and a family of single-chip network interface devices offered in ultra-small form factor with low-power consumption and targeted for client-server network interface cards.

Embedded Communication Processors

Our range of ARM-based SoC embedded communication processors provide multi-processor architectures optimized to consume low power while simultaneously delivering high-performance per watt. They provide a combination of I/O peripherals, including Ethernet, SATA, SAS, PCIe and USB and are ideally suited to a range of end-customer networking applications, such as home gateways, networked storage, point-of-service terminals, routers, switches and wireless application points and base stations.

Network Processors

Our family of Network Processors offer high-performance-per-watt programmable solutions ideally suited to applications where flexible functionality for differentiated, value-add solutions and enhanced quality of service

[Table of Contents](#)

are essential, such as in carrier Ethernet access, aggregation, mobile backhaul, transport and mobile cloud platforms. They also offer 1G through 100G Ethernet connectivity into a multi-hundred gigabit Ethernet pipeline that has deterministic performance and ideally suited for software-defined networking.

Other Networking Technologies

Our Ethernet passive optical network and gigabit passive optical network products consist of a highly integrated Gateway-on-a-Chip solution, Ethernet and packet processing, voice processing, power management and applications processor. These products are designed for next generation networks and the significant increases in required bandwidth, including high-quality video, online gaming and conferencing. Our powerline connectivity solutions based on G.hn are designed for integration into a variety of consumer electronics products, enabling fast and convenient connectivity to any location in the home through the existing home electrical infrastructure.

Other Products

Printing Solutions

Our printer SoC products power many of today's laser and ink printers and multi-function peripherals. These SoCs include a family of printer-specific standard products as well as full-custom printer ASICs. We continue to develop additional printing technologies including 3D printing and mobile printing.

Smart Home Products

Our smart home products are designed to enable the next generation of connected consumer platforms, and to enhance the eco-friendly "Connected Lifestyle" throughout the home, and include platforms for set-top boxes, video dongles such as Google Chromecast, smart lighting and smart appliances.

Financial Information about Segments and Geographic Areas

We have determined that we operate in one reportable business segment: the design, development and sale of integrated circuits. For information regarding our revenue by geographic area, and property and equipment by geographic area, please see "Note 13 — Segment and Geographic Information" in our Notes to the Consolidated Financial Statements set forth in Part II, Item 8 of this Annual Report on Form 10-K.

Customers, Sales and Marketing

As a fabless semiconductor company, our target customers are original equipment manufacturers ("OEM's") and original design manufacturers, both of which design and manufacture end market devices. Our sales force is strategically aligned along key customer lines in order to offer fully integrated platforms to our customers. In this way, we believe we can more effectively offer a broader set of content into our key customer's end products, without having multiple product groups separately engage the same customer. We complement and support our direct sales force with manufacturers' representatives for our products in North America, Europe and Asia. In addition, we have distributors who support our sales and marketing activities in the United States, Europe and Asia. We also use third-party logistics providers, who maintain warehouses in close proximity to our customer's facilities. We expect a significant percentage of our sales will continue to come from direct sales to key customers. We use field application engineers to provide technical support and assistance to existing and potential customers in designing, testing and qualifying systems designs that incorporate our products. We believe that superior field applications engineering support plays a pivotal role in building long-term relationships with customers by improving our customers' time-to-market, maintaining a high level of customer satisfaction and encouraging customers to use our next-generation products. Our marketing team works in conjunction with our field sales and application engineering force, and is organized around our product applications and end markets.

[Table of Contents](#)

Historically, a relatively small number of customers have accounted for a significant portion of our net revenue. Net revenue attributable to significant customers is presented in the following table as a percentage of net revenue:

	Year Ended		
	January 31, 2015	February 1, 2014	February 2, 2013
End Customer:			
Western Digital	20%	24%	24%
Seagate	13%	12%	10%
Toshiba	*	*	10%
Distributor:			
Wintech	11%	*	11%

* Less than 10% of net revenue

A significant number of our products are being incorporated into consumer electronics products, including gaming devices and personal computers, which are subject to significant seasonality and fluctuations in demand. Holiday and back to school buying trends may at times negatively impact our results in the first and fourth quarter, and positively impact our results in the second and third quarter of our fiscal years. In addition, the timing of new product introductions by our customers may cause variations in our quarterly revenues, which may not be indicative of future trends.

Inventory and Working Capital

We place firm orders for products with our suppliers generally up to 16 weeks prior to the anticipated delivery date and typically prior to an order for the product. These lead times typically change based on the current capacity at the foundries. We often maintain substantial inventories of our products because the semiconductor industry is characterized by short lead time orders and quick delivery schedules. In addition, increased use of “hubs” managed by third-party logistics providers has resulted in a higher number of inventory locations and higher overall inventory levels.

Backlog

We do not believe that backlog is a meaningful or reliable indicator for future demand, due to the following:

- an industry practice that allows customers to cancel or change orders prior to the scheduled shipment dates;
- an increasing portion of our revenue comes from products shipped to customers using third-party logistics providers, or “hubs” wherein the product can be pulled at any time by the customer and is therefore never reflected in backlog; and
- scheduled future shipments include shipments to distributors for which we do not recognize revenue until the products are sold to end customers.

Research and Development

We believe that our future success depends on our ability to introduce improvements to our existing products and to develop new products that deliver cost-effective solutions for both existing and new markets. Our research and development efforts are directed largely to the development of high-performance analog, mixed-signal, digital signal processing and embedded microprocessor integrated circuits with the smallest die size and lowest power. We devote a significant portion of our resources to expanding our product portfolio based on a broad intellectual property portfolio with designs that enable high-performance, reliable communications over a variety of physical transmission media. We are also focused on incorporating functions currently provided by stand alone integrated circuits into our integrated platform solutions to reduce our customers’ overall system costs.

[Table of Contents](#)

We have assembled a core team of engineers who have extensive experience in the areas of mixed-signal circuit design, digital signal processing, embedded microprocessors, CMOS technology and system-level architectures. We have invested and will continue to invest significant funds for research and development. Our research and development expense was \$1.2 billion, \$1.2 billion and \$1.1 billion in fiscal 2015, 2014 and 2013, respectively.

Manufacturing

Integrated Circuit Fabrication

The vast majority of our integrated circuits are fabricated using widely available CMOS processes, which provide greater flexibility to engage independent foundries to manufacture integrated circuits at lower costs. By outsourcing manufacturing, we are able to avoid the cost associated with owning and operating our own manufacturing facility. This allows us to focus our efforts on the design and marketing of our products. We currently outsource a large percentage of our integrated circuit manufacturing to Taiwan Semiconductor Manufacturing Company. We also utilize United Microelectronics Corporation, with the remaining manufacturing outsourced to other foundries primarily in Asia. We work closely with our foundry partners to forecast on a monthly basis our manufacturing capacity requirements. We closely monitor foundry production to ensure consistent overall quality, reliability and yield levels. Our integrated circuits are currently fabricated in several advanced manufacturing processes up to and including 28 nanometer. Because finer manufacturing processes lead to enhanced performance, smaller silicon chip size and lower power requirements, we continually evaluate the benefits and feasibility of migrating to smaller geometry process technology in order to reduce cost and improve performance.

Assembly and Test

We outsource all product packaging and testing requirements for our products in production to several assembly and test subcontractors, including STATS ChipPAC Ltd. in China, Korea and Singapore; Global Testing Corporation in Taiwan; Siliconware Precision Industries in China and Taiwan; and ASE Electronics in China, Singapore and Taiwan.

Environmental Management

We believe that our products are compliant with the current Restriction of Hazardous Substances Directive, the European legislation that restricts the use of a number of substances, including lead, and the REACH (Regulation, Evaluation and Authorization of Chemicals) SVHC Substances Directive. In addition, each of our manufacturing subcontractors complies with ISO 14001:2004, the international standard related to environmental management. We are also working to establish a “conflict-free” supply chain, including ethical sourcing of certain minerals for our products.

Intellectual Property

Our future revenue growth and overall success depend in large part on our ability to protect our intellectual property. We rely on a combination of patents, copyrights, trademarks, trade secret laws, contractual provisions, confidentiality agreements and licenses to protect our intellectual property. As of January 31, 2015, we have been issued and/or have acquired over 5,300 U.S. patents and over 1,400 foreign patents with expiration dates ranging from 2015 to 2035. We also have more than 3,800 U.S. and foreign pending patent applications on various aspects of our technology. See “Risk Factors” under Item 1A of this Report for a discussion of the risks associated with our patents and intellectual property, including the risk that our patents may be invalidated, the risk that third parties may copy or otherwise obtain and use our products and technology without authorization, and the risks involved with operating in foreign countries where the laws are not as protective of our intellectual property as in the United States. We have expended and will continue to expend considerable resources in establishing a patent position designed to protect our intellectual property. While our ability to compete is

[Table of Contents](#)

enhanced by our ability to protect our intellectual property, we believe that in view of the rapid pace of technological change, the combination of the technical experience and innovative skills of our employees may be as important to our business as the legal protection of our patents and other proprietary information.

From time to time, we may desire or be required to renew or to obtain licenses from third parties in order to further develop and effectively market commercially viable products or in connection with a pending or future claim or action asserted against us. We cannot be sure that any necessary licenses will be available or will be available on commercially reasonable terms.

The integrated circuit industry is characterized by vigorous pursuit and protection of intellectual property rights, which has resulted in significant and often time consuming and expensive litigation. From time to time, we receive, and may continue to receive in the future, notices that claim we have infringed upon, misappropriated or misused the proprietary rights of other parties. In addition, we may be sued in the future by other parties who claim that we have infringed their patents or misappropriated or misused their trade secrets, or who may seek to invalidate one or more of our patents. Although we defend these claims vigorously, it is possible that we will not prevail in pending or future lawsuits. Furthermore, we may need to engage in litigation in the future to enforce our intellectual property rights or the rights of our customers, to protect our trade secrets or to determine the validity and scope of proprietary rights of others, including our customers. All such litigation, even if not valid or successfully asserted, could result in significant costs and a diversion of management and personnel resources, which could materially and adversely affect our business, financial condition and results of operations. See “Risk Factors” under Item 1A of this Report on Form 10-K and “Note 10 — Commitments and Contingencies” in our Notes to the Consolidated Financial Statements set forth in Part II, Item 8, of this Annual Report on Form 10-K for further discussion of the risks associated with patent litigation matters.

Competition

The markets for our products, particularly in the mobile and wireless end market, are intensely competitive, characterized by rapid technological change, evolving industry standards, frequent new product introductions, short product life cycles and pricing pressures imposed by high-volume customers and competitors, particularly in the product markets that we are targeting. Competition has intensified as a result of the increasing demand for higher levels of integration and smaller process geometries, and we expect competition to intensify as current competitors continue to strengthen their product offerings and new competitors enter our markets. In addition, we expect competitive pressure from our customers to increase as they may continue to increase the vertical nature of their business by developing their own in-house solutions.

We believe that our ability to compete successfully in the rapidly evolving markets for our products depends on a number of factors, including the:

- performance, features, quality and price of our products;
- timing and success of new product introductions by us, our customers and our competitors;
- emergence, and rate of adoption and acceptance of new industry standards;
- ability to obtain adequate foundry capacity; and
- number and nature of our competitors in a given market.

By end market our major competitors are as follows:

<i>Mobile and Wireless</i>	<i>Storage</i>	<i>Networking</i>
Broadcom Corporation	Avago Technologies Ltd.	Broadcom Corporation
MediaTek, Inc.		Cavium, Inc.
QUALCOMM Incorporated		Freescall Semiconductor, Ltd.
Spreadtrum Communications, Inc.		Intel Corporation

[Table of Contents](#)

We expect increased competition in the future from emerging or established companies, or alliances among competitors, customers or other third parties, any of which could acquire significant market share. Although we believe we will be able to successfully compete with existing and potential competitors, some of these current and potential competitors may have advantages over us that allow them to compete effectively against us. Our current or future competitors could also introduce products that are priced lower provide superior performance or are based on new or emerging technologies. Furthermore, some of our customers have already developed, or in the future may develop, technologies that could compete directly with our products. See “Risk Factors” under Item 1A of this Report for further discussion of competitive risks associated with our business.

Historically, average unit selling prices in the integrated circuit industry in general, and for our products in particular, have decreased over the life of a particular product. We expect that the average unit selling prices of our products will continue to be subject to significant pricing pressures. In order to offset expected declines in the selling prices of our products, we will need to continue to introduce innovative new products and reduce the cost of our products. To accomplish this, we intend to continue to implement design changes that lower the cost of manufacturing, and assembling and testing our products. We may also enter into long-term, strategic arrangements with foundry partners to secure wafer capacity at reduced prices, by negotiating reduced charges from our foundries. In addition, we plan to work with multiple foundry partners to ensure that our products are qualified and can be manufactured in multiple locations, which we believe will ensure favorable wafer pricing. 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. See “Risk Factors” under Item 1A of this Report for further discussion of pricing risks.

Employees

As of January 31, 2015, we had a total of 7,163 employees.

Executive Officers of the Registrant

The following table shows information about our executive officers as of March 19, 2015:

Name	Age	Position(s)
Dr. Sehat Sutardja	53	Chief Executive Officer and Chairman of the Board
Weili Dai	53	President and Director
Michael Rashkin	70	Chief Financial Officer
Dr. Zining Wu	43	Chief Technology Officer

Dr. Sehat Sutardja, one of our co-founders, has served as the Chief Executive Officer and Chairman of our Board of Directors since 1995 (from 1995 to 2003 he was Co-Chairman of the Board of Directors). While remaining deeply involved in the daily challenges of running a global growth company, Dr. Sutardja participates heavily in our engineering and marketing efforts across analog, video processor, and microprocessor design while offering input across all of our other product lines. Dr. Sutardja is widely regarded as one of the pioneers of the modern semiconductor age. His breakthrough designs and guiding vision have revolutionized numerous industry segments, from data storage to the high-performance, low-power chips now driving the growing global markets for mobile computing and telephony. For his relentless innovation, he has been awarded more than 360 patents and has been named a Fellow of IEEE. In 2006, Dr. Sutardja was recognized as the Inventor of the Year by the Silicon Valley Intellectual Property Law Association. Dr. Sutardja also served as President from 2003 to June 2013. Dr. Sutardja holds an M.S. and Ph.D. in Electrical Engineering and Computer Science from the University of California at Berkeley. Dr. Sutardja received a B.S. in Electrical Engineering from Iowa State University. Dr. Sutardja is the husband of Ms. Dai.

Ms. Weili Dai, one of our co-founders, has served as President of the Company since July 2013 and as a member of the Board of Directors of the Company since December 2014. Widely considered a technology

[Table of Contents](#)

visionary, Ms. Dai is the only woman co-founder of a global semiconductor company. Her business acumen, strategic thinking, product leadership, endless passion and personal network have contributed greatly to Marvell's success. Her close relationship with Marvell's customers and the foundation of the trust shared with them have given her a strong reputation for professionalism and integrity throughout the technology industry. Prior to her appointment as President, Ms. Dai served as a Vice President of Marvell Semiconductor, Inc. ("MSI") from 2008 to July 2013, including the position of General Manager of the Communications & Consumer Business of MSI since September 2011 and General Manager of the Communications and Computing Business Unit of MSI from March 2009 to September 2011. From 1995 to May 2007, Ms. Dai served as Chief Operating Officer, Executive Vice President and a member of the Board of Directors of the Company. Ms. Dai holds a B.S. degree in Computer Science from the University of California at Berkeley. Ms. Dai is the wife of Dr. Sutardja.

Michael Rashkin has served as our Chief Financial Officer since February 2014 and served as our Interim Chief Financial Officer from December 2013 to February 2014. Mr. Rashkin served as President of the Marvell Charitable Fund from March 2011 to November 2013. From January 2008 to March 2011, Mr. Rashkin served as Vice President of Taxes and General Tax Counsel of MSI. From July 2007 to January 2008, Mr. Rashkin served as Interim Chief Financial Officer of the Company. In 2007, Mr. Rashkin was appointed Special Assistant to the CEO and Vice President of Strategic Development of MSI. Prior to 2007, Mr. Rashkin was Vice President and General Tax Counsel of MSI from 2005 to 2007. From 2000 to 2005, Mr. Rashkin served as Director of Taxes and General Tax Counsel of MSI and Director of Taxes and Tax Counsel of MSI from 1999 to 2000. Mr. Rashkin holds an LL.M. from the New York University Graduate School of Law, a J.D. from St. John's University School of Law and a B.S. from Brooklyn College, City University of New York. Mr. Rashkin is a member of both the California and New York bars.

Dr. Zining Wu has served as our Chief Technology Officer since January 2014. From August 2008 to January 2014, Dr. Wu served as MSI's Vice President, Data Storage Technology. Prior to August 2008, Dr. Wu worked as an engineer and in various managerial roles in MSI's Storage group since July 1999. Dr. Wu holds a BS in Electronic Engineering from Tsinghua University in Beijing, China, and a M.S. and Ph.D. in Electrical Engineering from Stanford University. Dr. Wu holds over 230 U.S. patents and has published eight technical papers and a book related to data storage technology.

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, 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 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:

- changes in general economic and political conditions and specific conditions in the end markets we address, including the continuing volatility in the technology sector and semiconductor industry;