

LAM RESEARCH CORP  
Form 10-Q  
November 01, 2012  
Table of Contents

**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 September 23, 2012

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 0-12933

**LAM RESEARCH CORPORATION**

(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>94-2634797</b> (I.R.S. Employer Identification No.)
<b>4650 Cushing Parkway</b>  <b>Fremont, California</b> (Address of principal executive offices)	<b>94538</b> (Zip Code)
<b>(510) 572-0200</b>  (Registrant's telephone number, including area code)	

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

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

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

As of October 26, 2012 there were 171,342,079 shares of registrant's common stock outstanding.

**Table of Contents**

**LAM RESEARCH CORPORATION**

**TABLE OF CONTENTS**

	<b>Page No.</b>
<b><u>PART I. Financial Information</u></b>	
	3
Item 1. <u>Financial Statements (Unaudited):</u>	3
<u>Consolidated Balance Sheets as of September 23, 2012 and June 24, 2012</u>	3
<u>Condensed Consolidated Statements of Operations for the three months ended September 23, 2012 and September 25, 2011</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income for the three months ended September 23, 2012 and September 25, 2011</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the three months ended September 23, 2012 and September 25, 2011</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	36
Item 4. <u>Controls and Procedures</u>	37
<b><u>PART II. Other Information</u></b>	
	38
Item 1. <u>Legal Proceedings</u>	38
Item 1A. <u>Risk Factors</u>	38
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	45
Item 3. <u>Defaults Upon Senior Securities</u>	46
Item 4. <u>Mine Safety Disclosures</u>	46
Item 5. <u>Other Information</u>	46
Item 6. <u>Exhibits</u>	46
<u>Signatures</u>	47
<u>Exhibit Index</u>	48
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	
EX-101.INS	
EX-101.SCH	
EX-101.CAL	
EX-101.DEF	
EX-101.LAB	
EX-101.PRE	

**Table of Contents****PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****LAM RESEARCH CORPORATION****CONSOLIDATED BALANCE SHEETS****(in thousands, except per share data)**

	September 23, 2012 (unaudited)	June 24, 2012 (1)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,411,466	\$ 1,564,752
Short-term investments	1,312,767	1,297,931
Accounts receivable, less allowance for doubtful accounts of \$5,366 as of September 23, 2012 and \$5,248 as of June 24, 2012	640,217	765,818
Inventories	567,920	632,853
Deferred income taxes	136,556	47,782
Prepaid expenses and other current assets	100,490	105,973
<b>Total current assets</b>	<b>4,169,416</b>	<b>4,415,109</b>
Property and equipment, net	593,202	584,596
Restricted cash and investments	166,196	166,335
Goodwill	1,446,303	1,446,303
Intangible assets, net	1,196,467	1,240,427
Other assets	152,762	151,882
<b>Total assets</b>	<b>\$ 7,724,346</b>	<b>\$ 8,004,652</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Trade accounts payable	\$ 148,120	\$ 258,778
Accrued expenses and other current liabilities	496,528	492,178
Deferred profit	208,088	164,833
Current portion of long-term debt, convertible notes, and capital leases	1,521	511,139
<b>Total current liabilities</b>	<b>854,257</b>	<b>1,426,928</b>
Long-term debt, convertible notes, and capital leases	1,278,792	761,783
Income taxes payable	282,844	274,240
Other long-term liabilities	296,807	219,577
<b>Total liabilities</b>	<b>2,712,700</b>	<b>2,682,528</b>
Commitments and contingencies		
Senior convertible notes (Note 13)		190,343
Stockholders' equity:		
Preferred stock, at par value of \$0.001 per share; authorized - 5,000 shares; none outstanding		
Common stock, at par value of \$0.001 per share; authorized - 400,000 shares; issued and outstanding 175,341 shares as of September 23, 2012 and 186,656 shares as of June 24, 2012	175	187
Additional paid-in capital	5,159,457	4,943,539
Treasury stock, at cost; 73,876 shares as of September 23, 2012 and 62,068 shares as of June 24, 2012	(2,975,656)	(2,636,936)
Accumulated other comprehensive loss	(33,907)	(33,818)
Retained earnings	2,861,577	2,858,809

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Total stockholders' equity	5,011,646	5,131,781
Total liabilities and stockholders' equity	\$ 7,724,346	\$ 8,004,652

(1) Derived from audited financial statements

See Notes to Condensed Consolidated Financial Statements

**Table of Contents**

**LAM RESEARCH CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

(unaudited)

	Three Months Ended	
	September 23, 2012	September 25, 2011
Revenue	\$ 906,888	\$ 680,436
Cost of goods sold	573,002	396,553
Gross margin	333,886	283,883
Research and development	163,311	102,559
Selling, general and administrative	153,863	80,200
Restructuring and impairments		1,725
Total operating expenses	317,174	184,484
Operating income	16,712	99,399
Other expense, net	(9,938)	(12,073)
Income before income taxes	6,774	87,326
Income tax expense	4,006	15,488
Net income	\$ 2,768	\$ 71,838
Net income per share:		
Basic net income per share	\$ 0.02	\$ 0.58
Diluted net income per share	\$ 0.02	\$ 0.58
Number of shares used in per share calculations:		
Basic	179,928	123,130
Diluted	181,926	124,049

See Notes to Condensed Consolidated Financial Statements

**Table of Contents****LAM RESEARCH CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(in thousands)****(unaudited)**

	<b>Three Months Ended</b>	
	<b>September 23, 2012</b>	<b>September 25, 2011</b>
Net income	\$ 2,768	\$ 71,838
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(4,125)	(14,910)
Unrealized gain (loss) on fair value of derivative financial instruments, net	1,926	(3,531)
Unrealized gain (loss) on financial instruments, net	2,689	(859)
Reclassification adjustment for gain included in earnings	(737)	(2,369)
Postretirement benefit plan adjustment	158	(4,526)
Other comprehensive loss	(89)	(26,195)
Comprehensive income	\$ 2,679	\$ 45,643

See Notes to Condensed Consolidated Financial Statements

**Table of Contents****LAM RESEARCH CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)****(unaudited)**

	<b>Three Months Ended</b>	
	<b>September 23, 2012</b>	<b>September 25, 2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 2,768	\$ 71,838
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74,816	21,360
Deferred income taxes	(12,017)	
Restructuring and impairment charges		1,725
Impairment of investment		1,724
Equity-based compensation expense	24,414	17,744
Income tax benefit on equity-based compensation plans		659
Excess tax benefit on equity-based compensation plans		(1,951)
Amortization of convertible note discount	7,752	6,593
Other, net	8,406	1,423
Changes in operating assets and liabilities	143,123	(34,215)
Net cash provided by operating activities	249,262	86,900
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures and intangible assets	(43,965)	(15,732)
Purchases of available-for-sale securities	(222,187)	(158,050)
Sales and maturities of available-for-sale securities	205,549	72,791
Transfer of restricted cash and investments	146	17
Net cash used for investing activities	(60,457)	(100,974)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt and capital lease obligations	(665)	(1,564)
Excess tax benefit on equity-based compensation plans		1,951
Net cash paid in advance for stock repurchase contracts		(75,000)
Treasury stock purchases	(355,079)	(72,053)
Reissuances of treasury stock related to employee stock purchase plan	9,925	8,858
Proceeds from issuance of common stock	951	164