

TERADYNE, INC
Form 10-Q
November 07, 2008
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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 28, 2008

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 No. 001-06462

TERADYNE, INC.

(Exact name of registrant as specified in its charter)

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Massachusetts
(State or Other Jurisdiction of

04-2272148
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

600 Riverpark Drive, North Reading, Massachusetts
(Address of Principal Executive Offices)

01864
(Zip Code)

978-370-2700

(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 the filing requirements for the past 90 days. 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 (check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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 shares outstanding of the registrant's only class of Common Stock as of October 31, 2008 was 169,288,060 shares.

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Table of Contents**PART I****Item 1: Financial Statements****TERADYNE, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 28, 2008	December 31, 2007
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 292,573	\$ 562,371
Marketable securities	15,502	75,593
Accounts receivable, net of allowance for doubtful accounts of \$4,282 and \$4,493 on September 28, 2008 and December 31, 2007, respectively	193,870	189,487
Inventories:		
Parts	43,162	27,627
Assemblies in process	46,780	31,272
Finished Goods	30,705	21,414
Net inventories	120,647	80,313
Deferred tax assets	30,814	3,216
Prepayments and other current assets	44,088	33,953
Total current assets	697,494	944,933
Property, plant, and equipment, at cost	758,879	825,771
Less: accumulated depreciation	463,711	473,064
Net property, plant, and equipment	295,168	352,707
Marketable securities	159,901	104,978
Goodwill	242,521	69,147
Intangible assets, net	91,559	5,992
Other assets	25,102	24,855
Long-term deferred tax assets		6,280
Retirement plans assets	48,854	46,396
Total assets	\$ 1,560,599	\$ 1,555,288

LIABILITIES

Current liabilities:		
Accounts payable	\$ 64,206	\$ 57,426
Accrued employee compensation and withholdings	62,664	71,691
Deferred revenue and customer advances	67,794	41,928
Other accrued liabilities	54,800	47,002
Accrued income taxes	238	5,187
Total current liabilities	249,702	223,234
Retirement plans liabilities	74,958	80,388
Deferred tax liabilities	21,351	
Long-term other accrued liabilities	27,056	22,492

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Total liabilities	373,067	326,114
Commitments and contingencies (Note N)		
SHAREHOLDERS EQUITY		
Common stock, \$0.125 par value, 1,000,000 shares authorized, 169,065 and 173,088 shares issued and outstanding at September 28, 2008 and December 31, 2007, respectively	21,133	21,636
Additional paid-in capital	1,113,319	1,105,441
Accumulated other comprehensive loss	(44,134)	(46,028)
Retained earnings	97,214	148,125
Total shareholders equity	1,187,532	1,229,174
Total liabilities and shareholders equity	\$ 1,560,599	\$ 1,555,288

The accompanying notes, together with the Notes to Consolidated Financial Statements included in Teradyne's Annual Report on Form 10-K for the year ended December 31, 2007 are an integral part of the condensed consolidated financial statements.

Table of Contents**TERADYNE, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
	(in thousands, except per share amounts)			
Net revenues:				
Products	\$ 228,854	\$ 239,299	\$ 710,624	\$ 663,435
Services	68,401	60,162	201,651	178,429
Net revenues	297,255	299,461	912,275	841,864
Cost of revenues:				
Cost of products	130,105	117,268	373,337	329,597
Cost of services	39,220	37,947	118,657	117,404
Total cost of revenues	169,325	155,215	491,994	447,001
Gross profit	127,930	144,246	420,281	394,863
Operating expenses:				
Engineering and development	52,969	52,245	164,272	153,924
Selling and administrative	58,614	62,178	189,298	187,307
Acquired intangible asset amortization	5,034	954	13,671	2,820
In-process research and development			1,100	16,700
Restructuring and other, net	28,589	(3,119)	53,100	(304)
Operating expenses	145,206	112,258	421,441	360,447
(Loss) income from operations	(17,276)	31,988	(1,160)	34,416
Interest income	2,740	7,784	10,284	27,182
Interest expense and other	(5,851)	143	(5,865)	2,688
(Loss) income from continuing operations before income taxes	(20,387)	39,915	3,259	64,286
Provision for income taxes	3,070	4,717	13,270	9,556
(Loss) income from continuing operations	(23,457)	35,198	(10,011)	54,730
Income from discontinued operations before taxes	768	6,084	768	6,795
Provision for income taxes		293		518
Income from discontinued operations	768	5,791	768	6,277
Net (loss) income	\$ (22,689)	\$ 40,989	\$ (9,243)	\$ 61,007
(Loss) income from continuing operations per common share:				
Basic	\$ (0.14)	\$ 0.19	\$ (0.06)	\$ 0.29
Diluted	\$ (0.14)	\$ 0.19	\$ (0.06)	\$ 0.29
Net (loss) income per common share:				
Basic	\$ (0.13)	\$ 0.22	\$ (0.05)	\$ 0.33

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Diluted	\$ (0.13)	\$ 0.22	\$ (0.05)	\$ 0.32
Weighted average common shares basic	168,769	183,566	171,058	187,527
Weighted average common shares diluted	168,769	185,298	171,058	189,222

The accompanying notes, together with the Notes to Consolidated Financial Statements included in Teradyne's Annual Report on Form 10-K for the year ended December 31, 2007 are an integral part of the condensed consolidated financial statements.

Table of Contents**TERADYNE, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Nine Months Ended	
	September 28, 2008	September 30, 2007
	(in thousands)	
Cash flows from operating activities:		
Net (loss) income	\$ (9,243)	\$ 61,007
Income from discontinued operations	768	381
Gain on sale from discontinued operations		5,896
(Loss) income from continuing operations	(10,011)	54,730
Adjustments to reconcile (loss) income from continuing operations to net cash provided by operating activities:		
Depreciation	56,580	45,351
Amortization	15,394	5,902
Stock-based compensation	15,909	19,645
In-process research and development charge	1,100	16,700
Loss (gain) on sale of land and building	20,883	(3,597)
Gain on sale of product lines		(906)
Gain on life insurance	(1,352)	