

NOVELLUS SYSTEMS INC

Form 425

December 20, 2011

Lam

Novellus Merger
Communication -

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Presenter Name(s)

Edgar Filing: NOVELLUS SYSTEMS INC - Form 425

Date

Filed by Lam Research Corporation

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

under the Securities Exchange Act of 1934

Subject Company: Novellus Systems, Inc.

Commission File No.: 000-17157

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A Transformative Transaction

Lam Research and Novellus Systems have signed an agreement to combine the two companies

The new company will be called Lam Research

Expected Synergies

Combined management strength can grow the company to new heights

Complementary products and technology

Accelerating the pace of innovation

Superior ability to meet customer requirements

Significant operational synergies

The senior leadership will be drawn from both companies

Martin Anstice will be the President and CEO

Tim Archer will be the COO

Ernie Maddock will be the CFO

The deal is expected to close in Q2 of CY2012

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Complementary Technology

Novellus is a leader in deposition and surface preparation technologies

Novellus

technical core competencies align with Lam's strengths in etch and single-wafer clean.

Together we will better serve our customers by:

Advancing technical benefits from owning adjacent technologies

Optimizing collective development of next-generation tools

Further develop complementary customer relationships

The combination of Lam and Novellus will create a company that will lead the development of next generation semiconductor manufacturing technology providing direct benefits to our customers

With significant synergies across our product lines, we will bring a broader equipment portfolio and wider range of technology solutions.

Complementary Product Leadership

Note: CVD: chemical vapor deposition; Cu ECD: copper electrochemical deposition; WCVD: tungsten chemical vapor deposition

Source: Leadership positions based on Gartner Dataquest and company data specific to 2010 shares; WFE percentages based on 2010 WFE

Leadership

Position in

Emerging

Markets

#1 in Etch

#1 in Cu ECD

#1 in WCVD

#2 in PECVD

World class

customer
support
#2 in Dry Strip
#2 in Clean
12% -
14%
of WFE
5% -
6%
of WFE
12% -
14%
of WFE
Etch
Surface
Preparation
Deposition
Spares &
Services
Industrial
Applications
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Greater Support for Our Customers

Both management teams are fully committed to support ongoing business requirements and enhancing the performance of the worldwide installed base.

Increased

scale

enables

more

comprehensive

support

tailored
to
customers
needs

Subsequent to closing, our plan is to create a single face to the customer as a priority: the sales and service organizations of the two companies will transition into a single organization that will support all of our products.

Until the merger is complete, Lam and Novellus will continue to operate as independent companies. Throughout this process, it is our expectation that your service and support will not be disrupted.

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Next Steps

As your trusted supplier, Lam believes in open communication regarding significant changes to our business.

Our focus during this transition will be on value creation and efficient integration for you. This is a unique opportunity to join two outstanding organizations into one company with a broader platform for greater innovation and more cost-effective solutions.

This will be the first in a series of communications from our account leadership

Our account executives will provide regular communications updates to you on the plans for combining.

Together

we

can

bring

greater

value

to

our

customers,

employees,

shareholders

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How to Find Further Information

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. In connection with the proposed merger, Lam intends to file with the SEC a registration statement on Form S-4 that will include a joint proxy statement of Lam and Novellus that also constitutes a prospectus of Lam. Lam and Novellus will furnish the joint proxy statement/prospectus and other relevant documents to their respective security holders in connection with the proposed merger of Lam and Novellus. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, WE URGE SECURITY HOLDERS AND**

INVESTORS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS (INCLUDING ALL AMENDMENTS AND SUPPLEMENTS THERETO) AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT LAM AND NOVELLUS AND THE PROPOSED MERGER. The proposals for the merger will be made solely through the joint proxy statement/prospectus. In addition, a copy of the joint proxy statement/prospectus (when it becomes available) may be obtained free of charge from Lam Research Corporation, Investor Relations, 4650 Cushing Parkway, Fremont, CA 94538-6401, or from Novellus, Investor Relations, 4000 North First Street, San Jose, CA 95134. Security holders will be able to obtain, free of charge, copies of the joint proxy statement/prospectus and S-4 Registration Statement and any other documents filed by Lam or Novellus with the SEC in connection with the proposed Merger at the SEC's website at <http://www.sec.gov>, and at the companies' websites at www.lamresearch.com and www.novellus.com, respectively.

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Cautions Regarding Forward-Looking Statements

This announcement contains, or may contain, forward-looking statements concerning Lam and Novellus (together such companies being the Merged Company), which are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Generally, the words believe, anticipate, expect, may, should, could, and other future-oriented terms identify forward-looking statements. Forward-looking statements include, but are not limited to, statements relating to the following: (i) the expected benefits of the repurchase program, the expected accretive effect of the Merger and the repurchase program on the Merged Company's financial condition, cost, revenue, technology and other synergies, the expected impact for customers, employees and end-users, future capital expenditures, revenues, earnings, economic performance, financial condition, losses and future prospects; (ii) business and management strategies; and (iii) the effects of government regulation on Lam's, Novellus' or the Merged Company's operations.

business; (iv) future industry developments and trends; (v) the anticipated timing of shareholder meetings and completion of the repurchase program; and (vii) assumptions underlying any of the foregoing statements.

These forward-looking statements are based upon the current beliefs and expectations of the management of Lam and Novellus. Many uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many uncertainties relate to factors that are beyond Lam's and Novellus' ability to control or estimate precisely and include, without limitation, the ability to obtain governmental or stockholder approvals of the Merger or to satisfy other conditions to the Merger on the proposed terms; the possibility that the Merger does not close when expected or at all, or that the companies may be required to modify aspects of the Merger without regulatory approval; the ability to realize the expected synergies or other benefits from the transaction in the amounts or in the timing; the potential harm to customer, supplier, employee and other relationships caused by the announcement or closing of the Merger; the ability to integrate Novellus' and Lam's businesses in a timely and cost-efficient manner; uncertainties in the global economy and credit markets; trends with respect to the cyclical nature of the semiconductor industry; and rates of change in, future shipments, margins, market share, capital expenditures, revenue and operating expenses generally; volatility in quarterly results and in the stock price of the Merged Company; the requirements and the ability to satisfy those requirements; customer capital spending and their demand for the Merged Company's products; the ability to defend the Merged Company's market share and to gain new market share; anticipated growth in the industry and the Merged Company's growth relative to such growth; levels of research and development expenditures; the estimates made, and the accruals recorded, in order to implement critical accounting policies (including but not limited to the adequacy of prior tax payments, future tax liabilities and the adequacy of the Merged Company's accruals relating to them); and the ability to manage and grow the Merged Company's cash position;

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Cautions Regarding Forward-Looking Statements

(continued from prior page) the sufficiency of the Merged Company's financial resources to support future business activities; limited to the repurchase program, operations, investments, debt service requirements and capital expenditures); inventory levels and inventory valuation adjustments; the impact of legal proceedings; unexpected shipment delays which adversely impact shipment volumes; related to the timing and satisfaction of remaining obligations related to vacated leases; the inability to recover the amortized cost in auction-rate securities, market changes negatively affecting auction-rate securities and the government's inability to guarantee securities; the inability to enforce the Merged Company's patents and protect its trade secrets; and other risks and uncertainties detailed from time to time in Lam's and Novellus

periodic reports (whether under the caption Risk Factors or Forward Looking Statements or elsewhere). Neither Lam nor Novellus can give any assurance that such forward-looking statements will prove to have been correct. Lam is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement. Lam nor Novellus nor any other person undertakes any obligation to update or revise publicly any of the forward-looking statements herein, whether

as
a
result
of
new
information,
future
events
or
otherwise,
except
to
the
extent
legally
required.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Lam, Novellus or the Merged Company, following

the
implementation
of
the
Merger
or
otherwise.

No
statement
in
this
announcement
should
be
interpreted
to
mean

that the earnings per share, profits, margins or cash flows of Lam or the Merged Company for the current or future financial year will necessarily match or exceed the historical published figures.

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Participants in the Solicitation

The directors and executive officers of Novellus and Lam may be deemed to be participants in the solicitation of proxies in connection with the approval of the proposed transaction. Lam plans to file the registration statement that includes the joint proxy statement/prospectus with the SEC in connection with the solicitation of proxies to approve the proposed transaction. Information regarding Lam's directors and executive officers and their respective interests in Lam by security holdings or otherwise is available in its Annual Report on Form 10-K filed with the SEC on August 19, 2011 and its Proxy Statement on Schedule 14A filed with the SEC on

September

19,
2011.

Information
regarding
Novellus
directors
and
executive
officers
and
their
respective

interests in Novellus by security holdings or otherwise is available in its Annual Report on Form 10-K filed with the SEC on February 25, 2011 and its Proxy Statement on Schedule 14A filed with the SEC on April 8, 2011. Additional information regarding the interests of such potential participants is or will be included in the joint

proxy
statement/prospectus
and
registration
statement,
and
other
relevant
materials

to
be
filed
with
the

SEC, when they become available, including in connection with the solicitation of proxies to approve the proposed transaction and to elect directors.