

TERADYNE, INC
Form 10-Q
August 13, 2009
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 July 5, 2009

OR

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

Commission File No. 001-06462

TERADYNE, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: TERADYNE, INC - Form 10-Q

Massachusetts (State or Other Jurisdiction of Incorporation or Organization)	04-2272148 (I.R.S. Employer 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 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

* The registrant has not yet been phased in to the interactive data requirements

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 August 4, 2009 was 174,574,204 shares.

Table of Contents

TERADYNE, INC.

INDEX

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (unaudited):	
<u>Condensed Consolidated Balance Sheets as of July 5, 2009 and December 31, 2008</u>	3
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended July 5, 2009 and June 29, 2008</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended July 5, 2009 and June 29, 2008</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	34
Item 4. <u>Controls and Procedures</u>	34
PART II. OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	35
Item 1A. <u>Risk Factors</u>	35
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	36
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	36
Item 6. <u>Exhibits</u>	37

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

	July 5, 2009	December 31, 2008
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 334,081	\$ 322,705
Accounts receivable, net of allowance for doubtful accounts of \$3,967 and \$4,712 at July 5, 2009 and December 31, 2008, respectively	73,914	109,625
Inventories:		
Parts	64,961	89,140
Assemblies in process	50,185	65,818
Finished goods	11,543	13,493
	126,689	168,451
Deferred tax assets	17,268	16,988
Prepayments and other current assets	51,781	60,884
Total current assets	603,733	678,653
Property, plant, and equipment, at cost	784,608	782,774
Less: accumulated depreciation	514,239	484,325
Net property, plant, and equipment	270,369	298,449
Marketable securities	38,982	51,613
Intangible assets, net	170,545	186,998
Other assets	18,751	19,534
Total assets	\$ 1,102,380	\$ 1,235,247
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 47,979	\$ 61,164
Current debt	2,069	122,500
Accrued employees' compensation and withholdings	54,708	73,521
Deferred revenue and customer advances	49,730	58,030
Other accrued liabilities	42,590	51,748
Total current liabilities	197,076	366,963
Retirement plans liabilities	133,478	125,877
Deferred tax liabilities	3,158	8,730
Long-term other accrued liabilities	22,965	27,565
Long-term debt	137,087	

Edgar Filing: TERADYNE, INC - Form 10-Q

Total liabilities	493,764	529,135
Commitments and contingencies (Note M)		
SHAREHOLDERS EQUITY		
Common stock, \$0.125 par value, 1,000,000 shares authorized, 174,324 shares and 169,651 shares issued and outstanding at July 5, 2009 and December 31, 2008, respectively	21,791	21,206
Additional paid-in capital	1,188,153	1,124,390
Accumulated other comprehensive loss	(152,516)	(148,108)
Accumulated deficit	(448,812)	(291,376)
Total shareholders equity	608,616	706,112
Total liabilities and shareholders equity	\$ 1,102,380	\$ 1,235,247

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, 2008, 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 Six Months Ended	
	July 5, 2009	June 29, 2008	July 5, 2009	June 29, 2008
	(in thousands, except per share amounts)			
Net revenues:				
Products	\$ 115,148	\$ 248,779	\$ 179,884	\$ 481,770
Services	54,432	68,926	110,304	133,250
Net revenues	169,580	317,705	290,188	615,020
Cost of revenues:				
Cost of products	92,635	124,925	148,795	243,232
Cost of services	29,816	38,932	60,904	79,437
Total cost of revenues	122,451	163,857	209,699	322,669
Gross profit	47,129	153,848	80,489	292,351
Operating expenses:				
Engineering and development	38,451	56,154	85,649	111,303
Selling and administrative	47,257	65,463	102,630	130,684
Acquired intangible asset amortization	8,214	4,774	16,453	8,637
In-process research and development				1,100
Restructuring and other, net	15,270	12,726	31,235	24,511
Operating expenses	109,192	139,117	235,967	276,235
(Loss) income from operations	(62,063)	14,731	(155,478)	16,116
Interest income	1,141	2,932	1,917	7,544
Interest expense and other	(8,046)	(484)	(13,875)	(14)
(Loss) income before income taxes	(68,968)	17,179	(167,436)	23,646
Income tax (benefit) provision	(2,200)	6,100	(10,000)	10,200
Net (loss) income	\$ (66,768)	\$ 11,079	\$ (157,436)	\$ 13,446
Net (loss) income per common share:				
Basic	\$ (0.39)	\$ 0.06	\$ (0.91)	\$ 0.08
Diluted	\$ (0.39)	\$ 0.06	\$ (0.91)	\$ 0.08
Weighted average common share basic	173,022	170,644	172,576	172,203
Weighted average common share diluted	173,022	174,096	172,576	174,909

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, 2008 are an integral part of the condensed consolidated financial statements.

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

	For the Six Months Ended	
	July 5, 2009	June 29, 2008
	(in thousands)	
Cash flows from operating activities:		
Net (loss) income	\$ (157,436)	\$ 13,446
Adjustments to reconcile net (loss) income to net cash (used for) provided by operating activities:		
Depreciation	30,251	39,077
Amortization	21,343	9,720
Provision for excess and obsolete inventory	17,208	3,254
Stock-based compensation	12,109	10,821
Non-cash charge for the sale of inventories revalued at the date of acquisition	5,163	4,346
Loss on sale and impairment of marketable securities	2,532	
Revolving credit facility issue costs	2,488	
Deferred taxes	(5,852)	
In-process research and development charge		1,100
Gain on sale of land and building		(1,682)
Other	955	764
Changes in operating assets and liabilities, net of businesses acquired:		
Accounts receivable	35,757	4,488
Inventories	29,459	(1,223)
Other assets	2,392	(6,195)
Accounts payable, deferred revenue and accrued expenses	(39,154)	10,410
Retirement plans contributions	(3,972)	(3,717)
Income taxes payable		(2,608)
Net cash (used for) provided by operating activities	(46,757)	82,001
Cash flows from investing activities:		
Investments in property, plant and equipment	(17,428)	(56,702)
Acquisition of business, net of cash acquired	(3,741)	(285,324)
Proceeds from life insurance	1,076	
Proceeds from sale and maturities of available-for-sale marketable securities	11,946	89,777
Proceeds from sale of land and building		17,716
Purchases of available-for-sale marketable securities		(40,581)