

TERADYNE, INC
Form 10-Q
May 13, 2011
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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 April 3, 2011

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 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

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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	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

The number of shares outstanding of the registrant's only class of Common Stock as of May 9, 2011 was 185,438,574 shares.

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

	April 3, 2011	December 31, 2010
	(in thousands, except per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 420,267	\$ 397,737
Marketable securities	435,575	409,061
Accounts receivable, net of allowance for doubtful accounts of \$4,182 and \$3,752 at April 3, 2011 and December 31, 2010, respectively	186,254	168,756
Inventories:		
Parts	91,294	90,982
Assemblies in process	22,382	16,359
Finished goods	16,016	9,500
	129,692	116,841
Deferred tax assets	22,634	22,730
Prepayments and other current assets	56,375	52,780
Current assets from discontinued operations		8,713
Total current assets	1,250,797	1,176,618
Property, plant and equipment, at cost	789,553	773,374
Less: accumulated depreciation	556,584	542,266
Net property, plant and equipment	232,969	231,108
Long-term marketable securities	244,466	248,696
Retirement plan assets	14,345	13,981
Intangible assets, net	115,649	122,941
Other assets	16,472	16,542
Long-term assets from discontinued operations		469
Total assets	\$ 1,874,698	\$ 1,810,355
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 109,988	\$ 81,142
Accrued employees' compensation and withholdings	62,036	105,374
Deferred revenue and customer advances	94,216	105,568
Other accrued liabilities	56,613	57,145
Accrued income taxes	8,199	8,465
Current debt	2,417	2,450
Current liabilities from discontinued operations		3,560

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Total current liabilities	333,469	363,704
Long-term deferred revenue and customer advances	58,357	71,558
Retirement plan liabilities	74,435	72,071
Deferred tax liabilities	9,756	9,849
Long-term other accrued liabilities	19,501	19,448
Long-term debt	151,748	150,182
Long-term liabilities of discontinued operations		1,355
Total liabilities	647,266	688,167
Commitments and contingencies (Note O)		
SHAREHOLDERS EQUITY		
Common stock, \$0.125 par value, 1,000,000 shares authorized, 185,250 shares and 182,035 shares issued and outstanding at April 3, 2011 and December 31, 2010, respectively	23,156	22,755
Additional paid-in capital	1,275,122	1,269,525
Accumulated other comprehensive loss	(123,842)	(128,216)
Retained earnings (accumulated deficit)	52,996	(41,876)
Total shareholders equity	1,227,432	1,122,188
Total liabilities and shareholders equity	\$ 1,874,698	\$ 1,810,355

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, 2010, are an integral part of the condensed consolidated financial statements.

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

	For the Three Months Ended	
	April 3, 2011	April 4, 2010
	(in thousands, except per share amounts)	
Net revenues:		
Products	\$ 315,719	\$ 263,486
Services	61,442	55,852
Total net revenues	377,161	319,338
Cost of revenues:		
Cost of products	153,363	120,872
Cost of services	31,389	28,589
Total cost of revenues	184,752	149,461
Gross profit	192,409	169,877
Operating expenses:		
Engineering and development	47,977	47,937
Selling and administrative	58,229	54,686
Acquired intangible asset amortization	7,291	7,356
Restructuring and other, net	413	904
Total operating expenses	113,910	110,883
Income from operations	78,499	58,994
Interest income	1,287	502
Interest expense and other	(6,176)	(5,567)
Income from continuing operations before income taxes	73,610	53,929
Income tax provision	5,486	4,830
Income from continuing operations	68,124	49,099
Income from discontinued operations before income taxes	1,278	1,001
Income tax benefit	(267)	
Income from discontinued operations	1,545	1,001
Gain on disposal of discontinued operations (net of income tax provision of \$4,578)	25,203	
Net income	\$ 94,872	\$ 50,100
Net income per common share from continuing operations:		
Basic	\$ 0.37	\$ 0.28
Diluted	\$ 0.29	\$ 0.24

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Net income per common share:			
Basic	\$	0.51	\$ 0.28
Diluted	\$	0.41	\$ 0.24
Weighted average common share basic		184,720	176,867
Weighted average common share diluted		232,080	226,277

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, 2010, are an integral part of the condensed consolidated financial statements.

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

	For the Three Months Ended	
	April 3, 2011	April 4, 2010
	(in thousands)	
Cash flows from operating activities:		
Net income	\$ 94,872	\$ 50,100
Less: income from discontinued operations	1,545	1,001
Less: gain on disposal of discontinued operations	25,203	
Income from continuing operations	68,124	49,099
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation	13,057	13,195
Amortization	12,442	11,935
Stock-based compensation	7,464	7,973
Provision for excess and obsolete inventory	4,627	1,177
Other	619	709
Changes in operating assets and liabilities, net of businesses sold:		
Accounts receivable	(17,498)	(53,865)
Inventories	(10,709)	16,384
Other assets	(2,540)	20,066
Deferred revenue and customer advances	(24,553)	(35,414)
Accounts payable and accrued expenses	(26,014)	243
Retirement plan contributions	(1,176)	(6,659)
Net cash provided by operating activities from continuing operations	23,843	24,843
Net cash (used for) provided by operating activities from discontinued operations	(4,225)	1,243
Net cash provided by operating activities	19,618	26,086
Cash flows from investing activities:		