

TERADYNE, INC
Form 10-Q
May 08, 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 March 30, 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
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 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 May 2, 2008 was 171,579,325 shares.

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

	March 30, 2008	December 31, 2007
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 323,080	\$ 562,371
Marketable securities	31,510	75,593
Accounts receivable, net of allowance for doubtful accounts of \$4,256 and \$4,493 at March 30, 2008 and December 31, 2007, respectively	201,906	189,487
Inventories:		
Parts	39,800	27,627
Assemblies in process	41,623	31,272
Finished goods	22,269	21,414
	103,692	80,313
Prepayments and other current assets	73,906	37,169
Total current assets	734,094	944,933
Property, plant, and equipment, at cost	847,840	825,771
Less: accumulated depreciation	476,322	473,064
Net property, plant, and equipment	371,518	352,707
Marketable securities	86,068	104,978
Goodwill	242,698	69,147
Intangible and other assets	128,219	37,127
Retirement plans assets	47,931	46,396
Total assets	\$ 1,610,528	\$ 1,555,288
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 87,716	\$ 57,426
Accrued employees' compensation and withholdings	61,603	71,691
Deferred revenue and customer advances	47,891	41,928
Other accrued liabilities	51,853	47,002
Accrued income taxes		5,187
Total current liabilities	249,063	223,234
Retirement plans liabilities	82,058	80,388
Long-term other accrued liabilities	43,726	22,492
Total liabilities	374,847	326,114
Commitments and contingencies (Note N)		
SHAREHOLDERS' EQUITY		

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Common stock, \$0.125 par value, 1,000,000 shares authorized, 172,045 shares and 173,088 shares issued and outstanding at March 30, 2008 and December 31, 2007, respectively	21,506	21,636
Additional paid-in capital	1,127,234	1,105,441
Accumulated other comprehensive loss	(48,806)	(46,028)
Retained earnings	135,747	148,125
Total shareholders' equity	1,235,681	1,229,174
Total liabilities and shareholders' equity	\$ 1,610,528	\$ 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	
	March 30, 2008	April 1, 2007
	(in thousands, except per share data)	
Net revenues:		
Products	\$ 232,991	\$ 194,632
Services	64,324	59,061
Net revenues	297,315	253,693
Cost of revenues:		
Cost of products	118,307	99,991
Cost of services	40,505	40,305
Total cost of revenues	158,812	140,296
Gross profit	138,503	113,397
Operating expenses:		
Engineering and development	55,149	49,262
Selling and administrative	65,221	62,947
Acquired intangible asset amortization	3,863	911
In-process research and development	1,100	16,700
Restructuring and other, net	11,785	2,247
Operating expenses	137,118	132,067
Income (loss) from operations	1,385	(18,670)
Interest income	4,612	10,099
Interest expense and other	470	2,242
Income (loss) from continuing operations before taxes	6,467	(6,329)
Provision for income taxes	4,100	1,385
Income (loss) from continuing operations	2,367	(7,714)
Income from discontinued operations before taxes		93
Provision for income taxes		15
Income from discontinued operations		78
Net income (loss)	\$ 2,367	\$ (7,636)
Income (loss) from continuing operations per common share:		
Basic	\$ 0.01	\$ (0.04)
Diluted	\$ 0.01	\$ (0.04)
Net income (loss) per common share:		
Basic	\$ 0.01	\$ (0.04)

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Diluted	\$ 0.01	\$ (0.04)
Weighted average common share basic	173,762	189,625
Weighted average common share diluted	175,722	189,625

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 Three Months Ended	
	March 30, 2008	April 1, 2007
	(in thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ 2,367	\$ (7,636)
Income from discontinued operations		78
Income (loss) from continuing operations	2,367	(7,714)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation	19,069	16,034
Amortization	4,361	2,247
Stock-based compensation	5,155	7,285
In-process research and development charge	1,100	16,700
Provision for doubtful accounts		54
Provision for inventory	1,348	461
Non-cash charge for the sale of inventories revalued at the date of acquisition	4,346	
Other non-cash items, net	(599)	655
Changes in operating assets and liabilities, net of businesses and product lines acquired and sold:		
Accounts receivable	15,040	(9,957)
Inventories	78	20,892
Other assets	(9,454)	(1,464)
Accounts payable, deferred revenue and accrued expenses	287	(38,588)
Retirement plan contributions	(1,104)	(1,158)
Accrued income taxes	(7,573)	(33,417)
Net cash provided by (used for) continuing operations	34,421	(27,970)
Net cash used for discontinued operations		(2,187)
Net cash provided by (used for) operating activities	34,421	(30,157)
Cash flows from investing activities:		
Investments in property, plant and equipment	(28,984)	(22,019)
Acquisition of technology		(17,600)
Acquisition of business, net of cash acquired	(280,463)	
Purchases of available-for-sale marketable securities		(125,499)
Proceeds from sale and maturities of available-for-sale marketable securities	60,530	26,711
Net cash used for continuing operations	(248,917)	(138,407)
Net cash used for discontinued operations		(116)
Net cash used for investing activities	(248,917)	(138,523)
Cash flows from financing activities:		
Repurchase of common stock	(32,977)	(3,569)
Issuance of common stock under employee stock option and stock purchase plans	8,182	9,813
Net cash (used for) provided by financing activities	(24,795)	6,244

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Decrease in cash and cash equivalents	(239,291)	(162,436)
Cash and cash equivalents at beginning of period	562,371	568,025
Cash and cash equivalents at end of period	\$ 323,080	\$ 405,589

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.

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TERADYNE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. The Company

Teradyne, Inc. is a leading global supplier of automatic test equipment.

Teradyne's automatic test equipment products and services include:

semiconductor test (Semiconductor Test), and

military/aerospace (Mil/Aero) test instrumentation and systems, circuit-board test and inspection systems (Commercial Board Test) and automotive diagnostic and test systems (Diagnostic Solutions), collectively Systems Test Group

Statements in this Quarterly Report on Form 10-Q which are not historical facts, so called forward looking statements, are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended. Investors are cautioned that all forward looking statements involve risks and uncertainties, including those detailed in Teradyne's filings with the Securities and Exchange Commission (the SEC). See also Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations Certain Factors That May Affect Future Results and Teradyne's Annual Report on Form 10-K for the year ended December 31, 2007.

B. Accounting Policies

Basis of Presentation

The condensed consolidated interim financial statements include the accounts of Teradyne and its subsidiaries. All significant intercompany balances and transactions have been eliminated. These interim financial statements are unaudited and reflect all normal recurring adjustments that are, in the opinion of management, necessary for the fair statement of such interim financial statements. Certain prior years' amounts were reclassified to conform to the current year presentation. The December 31, 2007 condensed consolidated balance sheet data were derived from audited financial statements, but do not include all disclosures required by generally accepted accounting principles.

The accompanying financial information should be read in conjunction with the consolidated financial statements and notes thereto contained in Teradyne's Annual Report on Form 10-K, filed with the SEC on February 28, 2008 for the year ended December 31, 2007.

On August 1, 2007, Teradyne completed the sale of Broadband Test Systems, its voice and broadband access network test division. The results of operations of Broadband Test Systems as well as cash flow amounts pertaining to this business have been classified as discontinued operations in the condensed consolidated financial statements.

Preparation of Financial Statements

The preparation of consolidated financial statements requires management to make estimates and judgments that affect the amounts reported in the financial statements. Actual results may differ significantly from these estimates.

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TERADYNE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

C. Recently Issued Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations. This Statement replaces FASB Statement No. 141, Business Combinations. SFAS No. 141(R) establishes new principles and requirements for how an acquiring company 1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree, 2) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and 3) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) is effective for business combinations occurring on or after the beginning of the fiscal year beginning on or after December 15, 2008. Teradyne is currently evaluating the impact of adopting this standard.

In March 2008, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 161, Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133. SFAS No. 161 expands the current disclosure requirements of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, such that entities must now provide enhanced disclosures on a quarterly basis regarding how and why the entity uses derivatives; how derivatives and related hedged items are accounted for under SFAS No. 133 and how derivatives and related hedged items affect the entity's financial position, performance and cash flow. SFAS No. 161 is effective prospectively for periods beginning on or after November 15, 2008. Teradyne will adopt SFAS No. 161 in fiscal year 2009.

D. Financial Instruments

Effective January 1, 2008, Teradyne has adopted SFAS 157 for financial assets and liabilities. As defined in SFAS 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Teradyne uses the market approach technique to value its financial instruments and there were no changes in valuation techniques during the quarter ended March 30, 2008. SFAS 157 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted prices in active markets for identical assets as of the reporting date.

Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. For example, a common approach for valuing fixed income securities is the use of matrix pricing. Matrix pricing is a mathematical technique used to value securities by relying on the securities' relationship to other benchmark quoted prices, and therefore is considered a Level 2 input.

Level 3: Unobservable inputs that are not corroborated by market data. Unobservable inputs are developed based on the best information available, which might include Teradyne's own data.

Teradyne's marketable securities consist primarily of high quality, corporate debt securities that are valued by an independent third party pricing service that utilizes matrix pricing. Teradyne has reviewed and agrees with the valuation methodologies and procedures utilized by these parties. The following table sets forth by input level

Table of Contents**TERADYNE, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Teradyne's financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 30, 2008.

	March 30, 2008			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term marketable securities	\$	\$ 31,510	\$	\$ 31,510
Long-term marketable securities	9,618	76,450		86,068
Total	\$ 9,618	\$ 107,960	\$	\$ 117,578

E. Product Warranty

Teradyne generally provides a one-year warranty on its products commencing upon installation or shipment. A provision is recorded upon revenue recognition to cost of revenues for estimated warranty expense based on historical experience. Related costs are charged to the warranty accrual as incurred. The balance below is included in other accrued liabilities.

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
	(in thousands)	
Balance at beginning of period	\$ 9,340	\$ 12,897
Acquisition	492	
Accruals for warranties issued during the period	4,207	2,303
Settlements made during the period	(4,106)	(3,873)
Balance at end of period	\$ 9,933	\$ 11,327

When Teradyne receives revenue for extended warranties beyond one year, it is deferred and recognized on a straight-line basis over the contract period. Related costs are expensed as incurred. The balance below is included in long-term other accrued liabilities.

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
	(in thousands)	
Balance at beginning of period	\$ 6,610	\$ 8,350
Deferral of new extended warranty revenue	1,194	819
Recognition of extended warranty deferred revenue	(1,192)	(1,392)
Balance at end of period	\$ 6,612	\$ 7,777

F. Stock-Based Compensation

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During the three months ended March 30, 2008, Teradyne granted restricted stock units to employees, executives and directors. The total number of shares granted was 2.9 million at the weighted average grant date fair value of \$10.51. Service based awards granted to employees and executives vest in equal installments over four years. Awards granted to non-employee directors vest on the first anniversary of the grant date. A significant number of awards granted to executive officers are performance-based restricted stock units. The amount of actual performance-based restricted stock units that will vest will be determined on or near the third anniversary of the grant.

Table of Contents**TERADYNE, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

During the three months ended April 1, 2007, Teradyne granted restricted stock units to employees, executives and directors. The total number of shares granted was 2.0 million at the weighted average grant date fair value of \$15.24. Service based awards granted to employees and executives vest in equal installments over four years. Awards granted to non-employee directors vest on the first anniversary of the grant date. A significant number of awards granted to executive officers are performance-based restricted stock units. The amount of actual performance-based restricted stock units that will vest over four years will be determined on or near the first anniversary of the grant.

G. Other Comprehensive Loss

Other comprehensive loss is calculated as follows:

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
	(in thousands)	
Net income (loss)	\$ 2,367	\$ (7,636)
Foreign currency translation adjustments	(822)	(23)
Change in unrealized loss on marketable securities, net of applicable tax of \$0	(2,454)	1,569
Retirement plans net gain	345	1,184
Retirement plans prior service benefit	153	153
Other comprehensive loss	\$ (411)	\$ (4,753)

H. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill by segment are as follows:

	Semiconductor Test	Systems Test Group (in thousands)	Total
Balance at December 31, 2007	\$	\$ 69,147	\$ 69,147
Goodwill acquired during period	173,551		173,551
Balance at March 30, 2008	\$ 173,551	\$ 69,147	\$ 242,698

Amortizable intangible assets consist of the following and are included in intangible and other assets on the balance sheet:

	March 30, 2008			Weighted Average Useful Life
	Gross Carrying Amount	Accumulated Amortization (in thousands)	Net Carrying Amount	
Completed technology	\$ 72,793	\$ 18,037	\$ 54,756	6.2 years
	50,679	5,065	45,614	6.9 years

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Customer relationships and service and software maintenance contracts

Trade names and trademarks	4,100	3,102	998	7.5 years
Acquired workforce	700	139	561	4.0 years
Total intangible assets	\$ 128,272	\$ 26,343	\$ 101,929	6.5 years

Table of Contents**TERADYNE, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Gross Carrying Amount	December 31, 2007		Weighted Average Useful Life
		Accumulated Amortization (in thousands)	Net Carrying Amount	
Completed technology	\$ 19,193	\$ 15,734	\$ 3,459	7.5 years
Customer relationships and service and software maintenance contracts	4,779	3,678	1,101	8.0 years
Tradenames and trademarks	3,800	2,929	871	8.0 years
Acquired workforce	700	139	561	4.0 years
Total intangible assets	\$ 28,472	\$ 22,480	\$ 5,992	7.6 years

Aggregate intangible asset amortization expense was \$3.9 million and \$0.9 million for the three months ended March 30, 2008 and April 1, 2007, respectively. Estimated intangible asset amortization expense for each of the five succeeding fiscal years is as follows:

Year	Amount (in thousands)
2008 (remainder)	\$ 15,042
2009	19,568
2010	16,897
2011	15,289
2012	13,112

I. Net Income (Loss) per Common Share

The following table sets forth the computation of basic and diluted net income (loss) per common share:

	For the Three Months Ended	
	March 30, 2008 (in thousands, except per share amounts)	April 1, 2007
Net income (loss)	\$ 2,367	\$ (7,636)
Shares used in income (loss) per common share basic	173,762	189,625
Effect of dilutive potential common shares:		
Employee and director stock options	1,178	
Restricted stock units	730	
Employee stock purchase rights	52	
Dilutive potential common shares	1,960	
Shares used in net income (loss) per common share diluted	175,722	189,625
Net income (loss) per common share basic	\$ 0.01	\$ (0.04)

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Net income (loss) per common share - diluted	\$ 0.01	\$ (0.04)
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The computation of diluted net income (loss) per common share for the three months ended March 30, 2008 and April 1, 2007 excludes the effect of the potential exercise of options to purchase approximately 16.9 and 18.8 million shares and restricted stock units of 1.8 million and 0.4 million shares, respectively, because the effect would have been anti-dilutive.

Table of Contents**TERADYNE, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****J. Restructuring and Other, Net**

The tables below represent activity related to restructuring and other, net, in the three months ended March 30, 2008. The accrual for severance and benefits is reflected in accrued employees' compensation and withholdings. All remaining severance and benefits will be paid by the end of the third quarter of 2008. The accrual for lease payments on vacated facilities is reflected in other accrued liabilities and other long-term accrued liabilities and is expected to be paid out over the lease terms, the latest of which expires in 2012. Teradyne expects to pay out approximately \$2.3 million against the lease accruals over the next twelve months. Teradyne's future lease commitments are net of expected sublease income of \$11.0 million as of March 30, 2008.

2008 Activities

	Facility Related	Severance and Benefits (in thousands)	Total
Balance at December 31, 2007	\$	\$	\$
Charges	4,672	7,432	12,104
Cash payments		(5,607)	(5,607)
Accelerated depreciation	(4,488)		(4,488)
Balance at March 30, 2008	\$ 184	\$ 1,825	\$ 2,009

During the three months ended March 30, 2008, Teradyne recorded the following 2008 restructuring activities:

\$7.4 million of severance charges related to headcount reductions of 148 people across both segments;

\$0.2 million of facility charges related to the early exit of a facility in Bracknell, UK;

\$4.5 million of facility charges related to the accelerated depreciation of a manufacturing facility in North Reading, MA as a result of the transfer of this activity to an outsourced partner.

2007 Activities

	Facility Related	Severance and Benefits (in thousands)	Total
Balance at December 31, 2007	\$	\$ 1,108	\$ 1,108
Credits		(187)	(187)
Cash payments		(444)	(444)

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Balance at March 30, 2008 \$ \$ 477 \$ 477

Pre-2007 Activities

	Facility Related	Severance and Benefits (in thousands)	Total
Balance at December 31, 2007	\$ 7,802	\$ 250	\$ 8,052
Credits		(132)	(132)
Cash payments	(719)	(76)	(795)
Balance at March 30, 2008	\$ 7,083	\$ 42	\$ 7,125

Table of Contents**TERADYNE, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****K. Stock Repurchase Program**

In November 2007, Teradyne's Board of Directors authorized a \$400 million stock repurchase program. During the three months ended March 30, 2008, Teradyne repurchased 2.8 million shares of common stock for \$33.0 million at an average price of \$11.77. The cumulative repurchases as of March 30, 2008 total 3.8 million shares of common stock for \$44.4 million at an average price of \$11.74.

L. Acquisitions**Business**

On January 24, 2008, Teradyne completed its acquisition of Nextest Systems Corporation (Nextest) of San Jose, California, for a total purchase price of \$402.8 million, which consisted of \$367.8 million of cash paid to acquire the outstanding common stock of Nextest, at a price of \$20.00 per share, \$28.9 million in fair value of assumed vested stock options and restricted stock units, which were converted into stock options and restricted stock units to purchase Teradyne's common stock, and \$6.1 million of acquisition related transaction costs, which primarily consisted of fees incurred for financial advisory and legal services. The fair value of stock options was estimated using the following weighted average assumptions:

Expected life	3.6 years
Expected volatility	40.6%
Risk-free interest rate	2.8%
Dividend yield	0.0%

Nextest designs, develops, manufactures, sells and services low-cost, high throughput automated test equipment systems for the semiconductor industry. Nextest competes in the flash memory, flash card, and flash memory based system-on-chip (SOC) markets. Nextest's products are used to test flash memory, microcontrollers, image sensors, smart cards and field programmable logic devices. The acquisition allows Teradyne to enter the flash memory test segment. Nextest is included within Teradyne's Semiconductor Test segment.

The Nextest acquisition was accounted for as a purchase business combination and, accordingly, the results have been included in Teradyne's consolidated results of operation from the date of acquisition. The allocation of the total purchase price of Nextest's net tangible and identifiable intangible assets was based on their estimated fair values as of the acquisition date. The purchase price allocation is preliminary pending the final determination of the fair value of certain acquired assets and assumed liabilities and the completion of facility exit and restructuring plans. The excess of the purchase price over the identifiable intangible and net tangible assets in the amount of \$173.6 million was allocated to goodwill, which is not deductible for tax purposes. The following represents the preliminary allocation of the purchase price:

	Amount (in thousands)
Goodwill	\$ 173,551
Other intangible assets	99,800
Tangible assets acquired and liabilities assumed:	
Cash and cash equivalents	88,513
Other current assets	55,332
Non-current assets	16,306
Accounts payable and current liabilities	(26,270)
Other long-term liabilities	(5,542)
In-process research and development	1,100

Total purchase price

\$ 402,790

Table of Contents**TERADYNE, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Teradyne estimated the fair value of other intangible assets using the income approach. Acquired other intangible assets will be amortized on a straight-line basis over their estimated useful lives. The following table represents components of these other intangible assets and their estimated useful lives at the acquisition date:

	Fair Value (in thousands)	Estimated Useful Life (in years)
Developed technology	\$ 53,600	5.8
Customer relationships	45,900	6.8
Tradenames	300	1.0
Total intangible assets	\$ 99,800	6.2

The following pro forma information gives effects of the acquisition as if the acquisition occurred at the beginning of the periods indicated. The pro forma results are not necessarily indicative of what actually would have occurred had the acquisitions been in effect for the periods presented:

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
	(in thousands,	
	except per share data)	
Revenue	\$ 307,046	\$ 274,845
Net income (loss)	2,007	(19,390)
Net income (loss) per common share:		
Basic	\$ 0.01	\$ (0.10)
Diluted	\$ 0.01	\$ (0.10)

The pro forma results above include the following non recurring expense items: in-process research and development charge of \$1.1 million and acquired inventory fair value adjustment of \$4.3 million, in both periods presented.

Technology

On March 7, 2007, Teradyne purchased in-process enabling test technology and hired certain engineers from MOSAID Technologies Inc. (MOSAID) for \$17.6 million, which included \$0.6 million in fees directly related to the acquisition. Of the purchase price, \$16.7 million was allocated to in-process research and development and therefore was immediately charged to the statement of operations. The balance of the purchase price was allocated to acquired workforce and fixed assets.

M. Retirement Plans**Defined Benefit Pension Plans**

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Teradyne has defined benefit pension plans covering a portion of domestic employees and employees of certain non-U.S. subsidiaries. Benefits under these plans are based on employees' years of service and compensation. Teradyne's funding policy is to make contributions to the plans in accordance with local laws and to the extent that such contributions are tax deductible. The assets of the plans consist primarily of equity and fixed income securities. In addition, Teradyne has an unfunded supplemental executive defined benefit plan in the United States to provide retirement benefits in excess of levels allowed by the Employment Retirement Income Security Act and the Internal Revenue Code, as well as unfunded foreign plans.

Table of Contents**TERADYNE, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Components of net periodic pension cost for all plans for the three months ended March 30, 2008 and April 1, 2007 are as follows:

	For the Three Months Ended	
	March 30, 2008	April 1, 2007
	(in thousands)	
Service cost	\$ 1,383	\$ 1,542
Interest cost	4,438	4,156
Expected return on plan assets	(5,178)	(4,883)
Amortization of unrecognized:		
Net transition obligation		(16)
Prior service cost	292	211
Net loss	367	