

Spansion Inc.  
Form 10-Q  
August 03, 2012  
[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 1, 2012

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 Number 001-34747

**SPANSION INC.**

(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>20-3898239</b> (I.R.S. Employer Identification No.)
<b>915 DeGuigne Drive</b>  <b>Sunnyvale, California</b> (Address of principal executive offices)	<b>94085</b> (Zip Code)
<b>(408) 962-2500</b>  (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 such 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 small 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 by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the close of business on July 26, 2012:

Class	Number of Shares
Class A Common Stock, \$0.001 par value	60,036,151
Class B Common Stock, \$0.001 par value	1

**Table of Contents**

**Table of Contents**

**INDEX**

	Page No.
Part I. <u>Financial Information</u>	
Item 1. <u>Financial Statements (unaudited)</u>	3
<u>Condensed Consolidated Statements of Operations Three and Six Months Ended July 1, 2012 and June 26, 2011</u>	3
<u>Condensed Consolidated Statements of Comprehensive Income Three and Six Months Ended July 1, 2012 and June 26, 2011</u>	4
<u>Condensed Consolidated Balance Sheets July 1, 2012 and December 25, 2011</u>	5
<u>Condensed Consolidated Statements of Cash Flows Six Months Ended July 1, 2012 and June 26, 2011</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	33
Item 4. <u>Controls and Procedures</u>	35
Part II. <u>Other Information</u>	
Item 1. <u>Legal Proceedings</u>	36
Item 1A. <u>Risk Factors</u>	36
Item 6. <u>Exhibits</u>	47
<u>Signature</u>	48

**Table of Contents****PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Spansion Inc.****Condensed Consolidated Statements of Operations****(in thousands, except per share amounts)****(Unaudited)**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>July 1, 2012</b>	<b>June 26, 2011</b>	<b>July 1, 2012</b>	<b>June 26, 2011</b>
Net sales	\$ 233,440	\$ 298,768	\$ 452,198	\$ 591,705
Cost of sales	159,529	221,336	319,089	445,502
Research and development	29,631	30,567	55,671	60,397
Sales, general and administrative	35,617	10,779	68,257	50,460
Net gain on sale of Kuala Lumpur land and building	(28,434)		(28,434)	
Restructuring charges (credits)	(729)		3,788	
Operating income	37,826	36,086	33,827	35,346
Interest and other income (expense), net	(556)	(288)	949	459
Interest expense	(7,903)	(8,779)	(15,585)	(17,837)
Income before income taxes	29,367	27,019	19,191	17,968
Provision for income taxes	3,370	1,731	6,815	6,828
Net income	25,997	25,288	12,376	11,140
Less: Net loss attributable to the noncontrolling interest			(503)	
Net income attributable to Spansion Inc. common stockholders	\$ 25,997	\$ 25,288	\$ 12,879	\$ 11,140
Net income per share				
Basic	\$ 0.43	\$ 0.41	\$ 0.22	\$ 0.18
Diluted	\$ 0.43	\$ 0.40	\$ 0.21	\$ 0.17
Shares used in per share calculation				
Basic	59,975	62,106	59,832	62,123
Diluted	60,475	63,617	60,590	64,024

**See accompanying notes.**

**Table of Contents**

**Spansion Inc.**

**Condensed Consolidated Statements of Comprehensive Income**

**(in thousands)**

**(Unaudited)**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>July 1, 2012</b>	<b>June 26, 2011</b>	<b>July 1, 2012</b>	<b>June 26, 2011</b>
Net income	\$ 25,997	\$ 25,288	\$ 12,376	\$ 11,140
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss)	134	216	(46)	(608)
Unrealized gain on cash flow hedges	217		217	
Other comprehensive income (loss), net of tax:	351	216	171	(608)
Total comprehensive income	26,348	25,504	12,547	10,532
Less: Comprehensive loss attributable to noncontrolling interest			(503)	
Comprehensive income attributable to Spansion Inc.	\$ 26,348	\$ 25,504	\$ 13,050	\$ 10,532

**See accompanying notes.**

**Table of Contents****Spansion Inc.****Condensed Consolidated Balance Sheets****(in thousands, except par value and share amounts)****(Unaudited)**

	<b>July 1, 2012</b>	<b>December 25, 2011</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 228,127	\$ 194,850
Short-term investments	64,257	67,855
Accounts receivable, net	135,068	110,343
Inventories	159,875	174,089
Deferred income taxes	5,482	6,275
Prepaid expenses and other current assets	31,137	29,494
Total current assets	623,946	582,906
Property, plant and equipment, net	179,420	209,227
Intangible assets, net	163,449	177,721
Goodwill	167,143	167,219
Other assets	51,628	54,072
Total assets	\$ 1,185,586	\$ 1,191,145
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable	\$ 68,252	\$ 79,560
Accrued compensation and benefits	28,948	30,676
Other accrued liabilities	41,483	52,598
Income taxes payable	3,966	1,702
Deferred income taxes, short-term		360
Deferred income	24,103	18,223
Current portion of long-term debt	12,045	4,222
Total current liabilities	178,797	187,341
Deferred income taxes	5,022	6,135
Long-term debt, less current portion	420,618	445,177
Other long-term liabilities	26,111	29,951
Total liabilities	630,548	668,604
Spansion Inc. Stockholders' equity:		
Capital stock:		
Class A common stock, \$0.001 par value, 150,000,000 shares authorized, 60,023,444 shares issued and outstanding (59,337,419 as of December 25, 2011)	60	60
Class B common stock, \$0.001 par value, 1 share authorized, 1 share issued and outstanding		
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, 0 shares issued and outstanding		
Additional paid-in capital	696,134	675,309
Accumulated deficit	(139,699)	(152,578)
Accumulated other comprehensive loss	(1,457)	(1,628)

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Total Spansion Inc. stockholders' equity	555,038	521,163
Noncontrolling interest		1,378
Total equity	555,038	522,541
Total liabilities and equity	\$ 1,185,586	\$ 1,191,145

**See accompanying notes.**

**Table of Contents**

**Spansion Inc.**

**Condensed Consolidated Statements of Cash Flows**

**(in thousands)**

**(Unaudited)**