

APPLIED MATERIALS INC /DE  
Form 10-Q  
February 27, 2012  
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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 January 29, 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 000-06920

**Applied Materials, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of*

*incorporation or organization)*

**3050 Bowers Avenue,  
P.O. Box 58039**

**Santa Clara, California**

*(Address of principal executive offices)*

**94-1655526**

*(I.R.S. Employer*

*Identification No.)*

**95052-8039**  
*(Zip Code)*

**(Registrant's telephone number, including area code)**

**(408) 727-5555**

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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 smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a 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

Number of shares outstanding of the issuer's common stock as of January 29, 2012: 1,291,121,831

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**APPLIED MATERIALS, INC.**

**FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JANUARY 29, 2012**

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****APPLIED MATERIALS, INC.****CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended</b>	
	<b>January 29, 2012</b>	<b>January 30, 2011</b>
	<b>(Unaudited)</b>	
	<b>(In millions, except</b>	
	<b>per share amounts)</b>	
Net sales	\$ 2,189	\$ 2,686
Cost of products sold	1,403	1,550
Gross margin	786	1,136
Operating expenses:		
Research, development and engineering	304	270
Selling, general and administrative	303	221
Restructuring charges and asset impairments (Note 11)		(29)
Total operating expenses	607	462
Income from operations	179	674
Interest and other expenses	24	5
Interest and other income, net	4	11
Income before income taxes	159	680
Provision for income taxes	42	174
Net income	\$ 117	\$ 506
Earnings per share:		
Basic and Diluted	\$ 0.09	\$ 0.38
Weighted average number of shares:		
Basic	1,299	1,324
Diluted	1,310	1,335

See accompanying Notes to Consolidated Condensed Financial Statements.

**Table of Contents****APPLIED MATERIALS, INC.****CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Three Months Ended</b>	
	<b>January 29, 2012</b>	<b>January 30, 2011</b>
	<b>(Unaudited)</b>	
	<b>(In millions)</b>	
Net income	\$ 117	\$ 506
Other comprehensive income, net of tax:		
Change in unrealized net gain on investments	1	(1)
Change in unrealized net gain on derivative investments		(1)
Other comprehensive income (loss)	1	(2)
Comprehensive income	\$ 118	\$ 504

See accompanying Notes to Consolidated Condensed Financial Statements.

**Table of Contents****APPLIED MATERIALS, INC.****CONSOLIDATED CONDENSED BALANCE SHEETS\***

	January 29, 2012	October 30, 2011
	(In millions, except per share amounts)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Notes 3 and 4)	\$ 1,681	\$ 5,960
Short-term investments (Notes 3 and 4)	316	283
Accounts receivable, net (Note 6)	1,576	1,532
Inventories (Note 7)	1,772	1,701
Deferred income taxes, net	572	580
Other current assets	240	299
<b>Total current assets</b>	<b>6,157</b>	<b>10,355</b>
Long-term investments (Notes 3 and 4)	955	931
Property, plant and equipment, net (Note 7)	956	866
Goodwill (Notes 8 and 9)	3,875	1,335
Purchased technology and other intangible assets, net (Notes 8 and 9)	1,519	211
Deferred income taxes and other assets	135	163
<b>Total assets</b>	<b>\$ 13,597</b>	<b>\$ 13,861</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 2	\$
Accounts payable and accrued expenses (Note 7)	1,327	1,520
Customer deposits and deferred revenue (Note 7)	1,014	1,116
Income taxes payable	151	158
<b>Total current liabilities</b>	<b>2,494</b>	<b>2,794</b>
Long-term debt (Note 10)	1,947	1,947
Employee benefits and other liabilities (Note 13)	506	320
<b>Total liabilities</b>	<b>4,947</b>	<b>5,061</b>
Stockholders' equity (Note 12):		
Common stock	13	13
Additional paid-in capital	5,651	5,616
Retained earnings	13,043	13,029
Treasury stock	(10,064)	(9,864)
Accumulated other comprehensive income	7	6
<b>Total stockholders' equity</b>	<b>8,650</b>	<b>8,800</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 13,597</b>	<b>\$ 13,861</b>

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\* Amounts as of January 29, 2012 are unaudited. Amounts as of October 30, 2011 are derived from the October 30, 2011 audited consolidated financial statements.

See accompanying Notes to Consolidated Condensed Financial Statements.

**Table of Contents****APPLIED MATERIALS, INC.****CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS EQUITY****(UNAUDITED)****(In millions)**

	Common Stock				Treasury Stock		Accumulated	Total
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Shares	Amount	Other Comprehensive Income	
Balance at October 30, 2011	1,306	\$ 13	\$ 5,616	\$ 13,029	573	\$ (9,864)	\$ 6	\$ 8,800
Net income				117				117
Other comprehensive income							1	1
Dividends				(103)				(103)
Share-based compensation			53					53
Stock options assumed in connection with acquisition			11					11
Issuance under stock plans, net of tax detriment of \$14 and other	3		(29)					(29)
Common stock repurchases	(18)				18	(200)		(200)
Balance at January 29, 2012	1,291	\$ 13	\$ 5,651	\$ 13,043	591	\$ (10,064)	\$ 7	\$ 8,650

See accompanying Notes to Consolidated Condensed Financial Statements.



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**APPLIED MATERIALS, INC.**

**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**

	<b>Three Months Ended</b>	
	<b>January 29, 2012</b>	<b>January 30, 2011</b>
	<b>(Unaudited)</b>	
	<b>(In millions)</b>	
Cash flows from operating activities:		
Net income	\$ 117	\$ 506
Adjustments required to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	112	63
Net loss on dispositions and fixed asset retirements		