

Lam Research bids \$10.6B for KLA-Tencor, creating chip giant

October 21 2015

Lam Research Corp. is buying KLA-Tencor Corp. for about \$10.6 billion, creating a huge player in the semiconductor sector that will rival Applied Materials Inc.

The combined company, to be called Lam Research Corp., will have a market capitalization of around \$19 billion, about equal to that of Applied Materials, and says it will serve 42 percent of the wafer fabrication equipment market when the deal closes in the middle of next year.

The offer, for \$67.02 per share, marks a 24 percent premium to the closing price for KLA-Tencor Corp. on Tuesday. Lam says it will book \$250 million in annualized savings within two years.

The buyout was announced during a round of heightened acquisition activity in the semiconductor sector. Western Digital Corp. is reportedly in talks to buy SanDisk Corp. Similar media reports have said SanDisk was in talks with Micron Technology Inc.

Last week, Dell said it is buying data storage company EMC Corp. for \$67 billion, marking the largest deal ever between two technology companies, eclipsing Avago Technologies' proposed \$37 billion acquisition of rival chipmaker Broadcom announced five months ago.

Shares of KLA-Tencor jumped \$9.99, or 18.6 percent, to \$63.85 in premarket trading while Lam Research shares slipped \$1.01, or 1.4

percent, to \$69.02. Both companies are based in California.

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Citation: Lam Research bids \$10.6B for KLA-Tencor, creating chip giant (2015, October 21)
retrieved 26 April 2024 from

<https://phys.org/news/2015-10-lam-106b-kla-tencor-chip-giant.html>

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