

Lam Research buying Novellus Systems in \$3.3B deal

15 December 2011

Semiconductor equipment maker Lam Research Corp. is buying rival Novellus Systems Inc. for \$3.3 billion in stock, the companies announced Wednesday.

Lam said that the acquisition will help it cultivate more advanced chip making technology and increase its revenue faster than either [company](#) could on its own. The company also expects it to speed up its [earnings growth](#).

Novellus Systems Inc. stockholders will get 1.125 shares of Lam common stock for each Novellus share. The deal values Novellus at \$44.42 per share, based on Lam's Wednesday closing price. That's 28 percent higher than Wednesday's \$34.70 closing price for Novellus' common shares.

The companies said Lam shareholders will own 59 percent of the combined company and Novellus shareholders 41 percent.

Lam and Novellus expect the deal to be finalized in the [second quarter](#) of 2012, and to lead to \$100 million in cost savings on an annualized basis by late 2013.

Along with the purchase announcement, Lam said Wednesday that it will buy back as much as \$1.6 billion worth of its [common stock](#). The company said that if it buys back the full amount of stock covered under the plan, it will affect the company the same way financially as if the Novellus acquisition were composed of 48 percent cash and 52 percent stock.

Lam reiterated its previous announcement that current president and [chief operating officer](#) Martin Anstice will take over as CEO in January when current CEO Steve Newberry departs.

The companies also said Wednesday that Novellus COO Timothy Archer will become COO of the combined company, and Lam's board will bring on

four directors nominated by Lam and Novellus.

Shares of Fremont-based Lam fell \$1.48, or 3.8 percent, to \$38 after hours, after ending regular trading down 70 cents at \$39.48.

Shares of Novellus, which is based in San Jose, climbed \$6.75, or 19.5 percent, to \$41.45 after hours, having ended regular trading down 61 cents at \$34.70.

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