

BROOKS AUTOMATION INC  
Form 10-Q  
February 09, 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: December 31, 2011

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 0-25434

**BROOKS AUTOMATION, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**04-3040660**  
(I.R.S. Employer  
Identification No.)

**15 Elizabeth Drive**

**Chelmsford, Massachusetts**

(Address of principal executive offices)

**01824**

(Zip Code)

**Registrant's telephone number, including area code: (978) 262-2400**

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 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. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) 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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practical date, January 27, 2012: Common stock, \$0.01 par value and 66,251,665 shares outstanding.



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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements**

BROOKS AUTOMATION, INC.

## CONSOLIDATED BALANCE SHEETS

(unaudited)

(In thousands, except share and per share data)

|  | December 31,<br>2011 | September 30,<br>2011 |
|--|----------------------|-----------------------|
| <b>Assets</b>  |                      |                       |
| Current assets   |                      |                       |
| Cash and cash equivalents  | \$ 49,213            | \$ 58,833             |
| Restricted cash  | 863                  | 1,293                 |
| Marketable securities  | 79,465               | 65,695                |
| Accounts receivable, net   | 73,684               | 76,701                |
| Inventories, net   | 102,612              | 107,654               |
| Prepaid expenses and other current assets  | 10,467               | 10,348                |
| Total current assets   | 316,304              | 320,524               |
| Property, plant and equipment, net   | 67,349               | 68,596                |
| Long-term marketable securities  | 65,826               | 81,290                |
| Goodwill   | 88,440               | 84,727                |
| Intangible assets, net   | 45,547               | 44,314                |
| Equity investment in joint ventures  | 35,357               | 34,612                |
| Other assets   | 2,981                | 2,557                 |
| Total assets   | \$ 621,804           | \$ 636,620            |
| <b>Liabilities and equity</b>  |                      |                       |
| Current liabilities  |                      |                       |
| Accounts payable   | \$ 34,257            | \$ 40,199             |
| Deferred revenue   | 11,980               | 14,073                |
| Accrued warranty and retrofit costs  | 7,293                | 7,438                 |
| Accrued compensation and benefits  | 13,150               | 17,288                |
| Accrued restructuring costs  | 321                  | 293                   |
| Accrued income taxes payable   | 3,387                | 4,015                 |
| Accrued expenses and other current liabilities   | 14,040               | 12,433                |
| Total current liabilities  | 84,428               | 95,739                |
| Income taxes payable   | 11,706               | 11,728                |
| Long-term pension liability  | 7,239                | 7,161                 |
| Other long-term liabilities  | 3,677                | 3,394                 |
| Total liabilities  | 107,050              | 118,022               |
| Contingencies (Note 16)  |                      |                       |
| Equity   |                      |                       |
| Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued and outstanding |                      |                       |

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|  |                |                |
|--|----------------|----------------|
| Common stock, \$0.01 par value, 125,000,000 shares authorized, 79,716,314 shares issued and 66,254,445 shares outstanding at December 31, 2011, 79,737,189 shares issued and 66,275,320 shares outstanding at September 30, 2011 | 797            | 797            |
| Additional paid-in capital   | 1,810,829      | 1,809,287      |
| Accumulated other comprehensive income   | 16,273         | 19,480         |
| Treasury stock at cost, 13,461,869 shares at December 31, 2011 and September 30, 2011  | (200,956)      | (200,956)      |
| Accumulated deficit  | (1,112,786)    | (1,110,599)    |
| <b>Total Brooks Automation, Inc. stockholders' equity</b>  | <b>514,157</b> | <b>518,009</b> |
| Noncontrolling interest in subsidiaries  | 597            | 589            |
| <b>Total equity</b>  | <b>514,754</b> | <b>518,598</b> |
| <br>   |                |                |
| Total liabilities and equity   | \$ 621,804     | \$ 636,620     |

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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## BROOKS AUTOMATION, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(In thousands, except per share data)

|  | <b>Three months ended<br/>December 31,</b> |                  |
|--|--|------------------|
|  | <b>2011</b>                                | <b>2010</b>      |
| <b>Revenues</b>  |  |                  |
| Product  | \$ 97,098                                  | \$ 161,189       |
| Services   | 23,130                                     | 17,178           |
| <b>Total revenues</b>  | <b>120,228</b>                             | <b>178,367</b>   |
| <b>Cost of revenues</b>  |  |                  |
| Product  | 64,289                                     | 108,973          |
| Services   | 15,582                                     | 12,075           |
| <b>Total cost of revenues</b>  | <b>79,871</b>                              | <b>121,048</b>   |
| <b>Gross profit</b>  | <b>40,357</b>                              | <b>57,319</b>    |
| <b>Operating expenses</b>  |  |                  |
| Research and development   | 11,949                                     | 8,898            |
| Selling, general and administrative  | 26,742                                     | 24,478           |
| Restructuring charges  | 203  | 214              |
| <b>Total operating expenses</b>  | <b>38,894</b>                              | <b>33,590</b>    |
| <b>Operating income</b>  | <b>1,463</b>                               | <b>23,729</b>    |
| Interest income  | 279  | 275              |
| Interest expense   | (7)  | (1)              |
| Other income, net  | 346  | 161              |
| <b>Income before income taxes and equity in earnings of joint ventures</b>               | <b>2,081</b>                               | <b>24,164</b>    |
| Income tax provision   | 300  | 988              |
| <b>Income before equity in earnings of joint ventures</b>                                | <b>1,781</b>                               | <b>23,176</b>    |
| Equity in earnings of joint ventures   | 1,225                                      | 310              |
| <b>Net income</b>  | <b>\$ 3,006</b>                            | <b>\$ 23,486</b> |
| Net income attributable to noncontrolling interests                                      | (8)  |                  |
| <b>Net income attributable to Brooks Automation, Inc.</b>                                | <b>\$ 2,998</b>                            | <b>\$ 23,486</b> |
| Basic net income per share attributable to Brooks Automation, Inc. common stockholders   | \$ 0.05                                    | \$ 0.37          |
| Diluted net income per share attributable to Brooks Automation, Inc. common stockholders | \$ 0.05                                    | \$ 0.36          |

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Shares used in computing earnings per share

|         |        |        |
|---------|--------|--------|
| Basic   | 64,812 | 64,263 |
| Diluted | 65,309 | 64,475 |

The accompanying notes are an integral part of these unaudited consolidated financial statements.



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## BROOKS AUTOMATION, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(In thousands)

|   | <b>Three months ended<br/>December 31,</b> |                  |
|---|--|------------------|
|   | <b>2011</b>                                | <b>2010</b>      |
| <b>Cash flows from operating activities</b>                                       |  |                  |
| Net income  | \$ 3,006                                   | \$ 23,486        |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |                  |
| Depreciation and amortization   | 5,268                                      | 4,274            |
| Stock-based compensation  | 1,743                                      | 1,209            |
| Amortization of premium on marketable securities                                  | 654  | 410              |
| Undistributed earnings of joint ventures  | (1,225)                                    | (310)            |
| Gain on disposal of long-lived assets   |  | (13)             |
| Changes in operating assets and liabilities, net of acquisitions and disposals:   |  |                  |
| Accounts receivable   | 3,935                                      | 4,949            |
| Inventories   | 5,874                                      | (11,289)         |
| Prepaid expenses and other current assets   | (490)                                      | 2,117            |
| Accounts payable  | (5,910)                                    | (3,424)          |
| Deferred revenue  | (2,427)                                    | (330)            |
| Accrued warranty and retrofit costs   | (152)                                      | (314)            |
| Accrued compensation and benefits   | (4,270)                                    | (2,810)          |
| Accrued restructuring costs   | 32   | (985)            |
| Accrued expenses and other current liabilities                                    | (929)                                      | 713              |
| <b>Net cash provided by operating activities</b>                                  | <b>5,109</b>                               | <b>17,683</b>    |
| <b>Cash flows from investing activities</b>                                       |  |                  |
| Purchases of property, plant and equipment  | (2,063)                                    | (1,638)          |
| Purchases of marketable securities  | (23,579)                                   | (38,704)         |
| Sale/maturity of marketable securities  | 24,549                                     | 25,225           |
| Acquisition, net of cash acquired   | (8,716)                                    |                  |
| Decrease in restricted cash   | 430  |                  |
| <b>Net cash used in investing activities</b>                                      | <b>(9,379)</b>                             | <b>(15,117)</b>  |
| <b>Cash flows from financing activities</b>                                       |  |                  |
| Common stock dividend paid  | (5,185)                                    |                  |
| <b>Net cash used in financing activities</b>                                      | <b>(5,185)</b>                             |                  |
| Effects of exchange rate changes on cash and cash equivalents                     | (165)                                      | (77)             |
| <b>Net increase (decrease) in cash and cash equivalents</b>                       | <b>(9,620)</b>                             | <b>2,489</b>     |
| Cash and cash equivalents, beginning of period                                    | 58,833                                     | 59,823           |
| <b>Cash and cash equivalents, end of period</b>                                   | <b>\$ 49,213</b>                           | <b>\$ 62,312</b> |

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The accompanying notes are an integral part of these unaudited consolidated financial statements.

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**BROOKS AUTOMATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**1. Basis of Presentation**

The unaudited consolidated financial statements of Brooks Automation, Inc. and its subsidiaries ( Brooks or the Company ) included herein have been prepared in accordance with generally accepted accounting principles, or GAAP. In the opinion of management, all material adjustments which are of a normal and recurring nature necessary for a fair presentation of the results for the periods presented have been reflected.

Certain information and footnote disclosures normally included in the Company s annual consolidated financial statements have been condensed or omitted and, accordingly, the accompanying financial information should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company s Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission (the SEC ) for the fiscal year ended September 30, 2011. Certain reclassifications have been made in the prior period consolidated financial statements to conform to the current presentation.

**Recently Enacted Accounting Pronouncements**

In December 2010, the Financial Accounting Standards Board ( FASB ) issued an amendment to the accounting requirements of goodwill, which requires a qualitative approach to considering impairment for a reporting unit with zero or negative carrying value. On October 1, 2011 the Company adopted this standard, which had no impact on its financial position or results of operations.

In December 2010, the FASB issued an amendment to the accounting requirements of business combinations, which establishes accounting and reporting standards for pro forma revenue and earnings of the combined entity for the current and comparable reporting periods. On October 1, 2011 the Company adopted this standard, which had no impact on its financial position or results of operations.

In May 2011, the FASB issued updated accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between GAAP and International Financial Reporting Standards. This guidance includes amendments which change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This guidance will be effective for the Company on January 1, 2012 and the Company does not believe that the adoption of this guidance will have a material impact on its financial position or results of operations.

In June 2011, the FASB issued an amendment to the accounting guidance for presentation of comprehensive income. Under the amended guidance, a company may present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This authoritative guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholder s equity. This amendment is effective for annual periods beginning after December 15, 2011. Other than a change in presentation, the Company does not believe that the adoption of this guidance will have a material impact on its financial position or results of operations.

In September 2011, the FASB issued revised guidance intended to simplify how an entity tests goodwill for impairment. The amendment will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. On October 1, 2011 the Company adopted this standard and will apply this guidance in the future, which is not expected to have an impact on its financial position or results of operations.

**Table of Contents****2. Stock-Based Compensation**

The following table reflects stock-based compensation expense recorded during the three months ended December 31, 2011 and 2010 (in thousands):

|                              | Three months ended<br>December 31, |          |
|------------------------------|------------------------------------|----------|
|                              | 2011                               | 2010     |
| Restricted stock             | \$ 1,595                           | \$ 1,092 |
| Employee stock purchase plan | 148                                | 117      |
|                              | \$ 1,743                           | \$ 1,209 |

The Company uses the Black-Scholes valuation model for estimating the fair value of the stock options granted. The fair value per share of restricted stock is equal to the excess of the quoted price of the Company's common stock over the exercise price of the restricted stock on the date of grant. In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, the Company estimates the likelihood of achieving the performance goals. Actual results, and future changes in estimates, may differ substantially from the Company's current estimates. Restricted stock with market-based vesting criteria is valued using a lattice model.

During the three months ended December 31, 2011, the Company granted 1,377,000 shares of restricted stock to members of senior management of which 369,250 shares vest over the service period and the remaining 1,007,750 shares vest upon the achievement of certain financial performance goals which will be measured at the end of fiscal year 2014. Total compensation expense on these awards is a maximum of \$17.4 million. Awards subject to service criteria are being recorded to expense ratably over the vesting period. Awards subject to performance criteria are expensed over the related service period when attainment of the performance condition is considered probable. The total amount of compensation recorded will depend on the Company's achievement against performance targets. Changes to the projected attainment against performance targets during the vesting period may result in an adjustment to the amount of cumulative compensation recorded as of the date the estimate is revised.

During the three months ended December 31, 2011, the Company's Chief Executive Officer was granted an award of 100,000 cash settled phantom units, which are subject to the same vesting terms as the performance-based restricted stock units. The Company's unaudited consolidated balance sheet at December 31, 2011 includes a liability of approximately \$25,000 for the earned portion of this potential cash payment.

*Stock Option Activity*

The following table summarizes stock option activity for the three months ended December 31, 2011:

|  | Number of<br>Options | Weighted-<br>Average<br>Remaining<br>Contractual Term | Weighted<br>Average<br>Exercise Price | Aggregate<br>Intrinsic<br>Value<br>(In Thousands) |
|--|----------------------|---|---------------------------------------|---|
| Outstanding at September 30, 2011        | 370,137              |   | \$ 14.57                              |   |
| Forfeited/expired                        | (113,375)            |   | 17.23                                 |   |
| Outstanding at December 31, 2011         | 256,762              | 1 year  | \$ 13.39                              | \$ 63   |
| Vested at December 31, 2011              | 256,762              | 1 year  | \$ 13.39                              | \$ 63   |
| Options exercisable at December 31, 2011 | 256,762              | 1 year  | \$ 13.39                              | \$ 63   |

The aggregate intrinsic value in the table above represents the total intrinsic value, based on the Company's closing stock price of \$10.27 as of December 31, 2011, which would have been received by the option holders had all option holders exercised their options as of that date.

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No stock options were granted during the three months ended December 31, 2011 and 2010. There were no stock option exercises in the three months ended December 31, 2011 and 2010. The total cash received from employees as a result of employee stock option exercises during the three months ended December 31, 2011 and 2010 was \$0.

As of December 31, 2011 there was no future compensation cost related to stock options as all outstanding stock options have vested.

**Table of Contents***Restricted Stock Activity*

A summary of the status of the Company's restricted stock as of December 31, 2011 and changes during the three months ended December 31, 2011 is as follows:

|                                   | <b>Three months ended<br/>December 31, 2011</b> |   |
|-----------------------------------|---|---|
|                                   | <b>Shares</b>                                   | <b>Weighted<br/>Average<br/>Grant-Date<br/>Fair Value</b> |
| Outstanding at September 30, 2011 | 1,590,989                                       | \$ 10.15  |
| Awards granted                    | 1,573,500                                       | 10.69   |
| Awards vested                     | (51,666)  | 7.91  |
| Outstanding at December 31, 2011  | 3,112,823                                       | \$ 10.23  |

The fair value of restricted stock awards vested during the three months ended December 31, 2011 and 2010 was \$0.4 million and \$4.3 million, respectively.

As of December 31, 2011, the unrecognized compensation cost related to restricted stock that is expected to vest is \$17.3 million and will be recognized over an estimated weighted average amortization period of 2.2 years.

*Employee Stock Purchase Plan*

There were no shares purchased under the employee stock purchase plan during the three months ended December 31, 2011 and 2010.

**3. Acquisition**

On December 30, 2011, the Company acquired the Celigo<sup>®</sup> Cell Cytometer product line ( Celigo ) from Cytellect, Inc., for \$8.7 million in cash, plus a deferred cash payment of \$0.5 million that is payable on June 29, 2012. The Celigo product line provides life science customers with cellular imaging in a high-throughput, easy-to-use and affordable platform. Celigo is based in San Diego, California, and will be immediately integrated into the Company's nearby Poway, California-based life sciences operation. The Celigo product line resides in the Brooks Life Science Systems segment. The acquisition of Celigo provides a complementary analysis tool for customers currently using the Company's automated sample management systems.

The assets and liabilities associated with Celigo were recorded at their fair values as of the acquisition date and the preliminary amounts follow (in thousands):

|  |          |
|--|----------|
| Accounts receivable                        | \$ 896   |
| Inventory                                  | 1,139    |
| Property, plant and equipment              | 202      |
| Completed technology                       | 3,540    |
| Trademarks and trade names                 | 70       |
| Goodwill                                   | 3,713    |
| Accounts payable                           | (13)     |
| Deferred revenue                           | (326)    |
| Other current liabilities                  | (6)      |
| Total purchase price, net of cash acquired | \$ 9,215 |

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The estimated fair value attributed to the completed technologies was determined based upon a discounted cash flow forecast. Cash flows were discounted at a rate of 25%. The fair value of the completed technologies will be amortized over a period of 6 years on a straight-line basis, which approximates the pattern in which the economic benefits of the completed technologies are expected to be realized.

The fair value of the trade names will be amortized over 6 years on a straight-line basis, which approximates the pattern in which the economic benefits of the trade names will be realized.

Goodwill represents the excess of the purchase price over the fair values of the net tangible and intangible assets acquired and is primarily the result of expected synergies. Goodwill arising from the acquisition will be deductible for tax purposes.

Celigo's operating results have been included in the Company's results of operations from the acquisition date. Pro forma results are not provided as Celigo's results of operations were not material. Transaction costs related to this acquisition were \$105,000 for the quarter ended December 31, 2011, and are included in selling, general and administrative expense.

**Table of Contents****4. Goodwill**

The components of the Company's goodwill by business segment at December 31, 2011 are as follows (in thousands):

|  | <b>Brooks<br/>Products<br/>Solutions</b> | <b>Brooks<br/>Global<br/>Services</b> | <b>Brooks<br/>Life Science<br/>Systems</b> | <b>Contract<br/>Manufacturing</b> | <b>Other</b> | <b>Total</b> |
|--|--|---------------------------------------|--|-----------------------------------|--------------|--------------|
| Gross goodwill at September 30, 2011   | \$ 485,844                               | \$ 151,238                            | \$ 36,589                                  | \$ 18,593                         | \$ 7,421     | \$ 699,685   |
| Less: aggregate impairment charges recorded                                  | (437,706)                                | (151,238)                             |  | (18,593)                          | (7,421)      | (614,958)    |
| Goodwill, less accumulated impairments at September 30, 2011                 | \$ 48,138                                | \$                                    | \$ 36,589                                  | \$                                | \$           | \$ 84,727    |
| Acquisitions and adjustments during the three months ended December 31, 2011 |  |                                       | 3,713                                      |                                   |              | 3,713        |
| Goodwill, less accumulated impairments at December 31, 2011                  | \$ 48,138                                | \$                                    | \$ 40,302                                  | \$                                | \$           | \$ 88,440    |

Components of the Company's identifiable intangible assets are as follows (in thousands):

|                            | <b>December 31, 2011</b> |                                     |                           | <b>September 30, 2011</b> |                                     |                           |
|----------------------------|--------------------------|-------------------------------------|---------------------------|---------------------------|-------------------------------------|---------------------------|
|                            | <b>Cost</b>              | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value</b> | <b>Cost</b>               | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value</b> |
| Patents                    | \$ 7,808                 | \$ 7,015                            | \$ 793                    | \$ 7,808                  | \$ 6,989                            | \$ 819                    |
| Completed technology       | 54,527                   | 40,001                              | 14,526                    | 50,975                    | 39,235                              | 11,740                    |
| Trademarks and trade names | 4,012                    | 3,817                               | 195                       | 3,941                     | 3,719                               | 222                       |
| Customer relationships     | 48,634                   | 18,601                              | 30,033                    | 49,029                    | 17,496                              | 31,533                    |
|                            | \$ 114,981               | \$ 69,434                           | \$ 45,547                 | \$ 111,753                | \$ 67,439                           | \$ 44,314                 |

**5. Income Taxes**

The Company recorded an income tax provision of \$0.3 million for the three months ended December 31, 2011. This provision substantially consists of foreign income taxes arising from the Company's international sales mix, certain state income taxes and interest related to unrecognized tax benefits.

The Company recorded an income tax provision of \$1.0 million for the three months ended December 31, 2010. This provision substantially consists of foreign income taxes arising from the Company's international sales mix, certain state income taxes and interest related to unrecognized tax benefits.

The Company continued to provide a full valuation allowance for its net deferred tax assets at December 31, 2011, as Brooks believes it is more likely than not that the future tax benefits from accumulated net operating losses and other temporary differences will not be realized. The Company will continue to assess the need for a valuation allowance in future periods. If the Company continues to generate profits in most of its jurisdictions, it is reasonably possible that there will be a significant reduction in the valuation allowance in the next twelve months. Reduction of the valuation allowance, in whole or in part, would result in a non-cash income tax benefit during the period of reduction.

The Company is subject to U.S. federal income tax and various state, local and international income taxes in various jurisdictions. The amount of income taxes paid is subject to the Company's interpretation of applicable tax laws in the jurisdictions in which it files. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company has income tax audits in progress in



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various jurisdictions in which it operates. In the Company's U.S. and international jurisdictions, the years that may be examined vary, with the earliest tax year being 2006. Based on the outcome of these examinations, or the expiration of statutes of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized tax benefits could change from those recorded in the Company's statement of financial position. The Company currently anticipates that it is reasonably possible that the unrecognized tax benefit will be reduced by approximately \$3.6 million during the next twelve months primarily as the result of statutes of limitations expiring.

### 6. Earnings per Share

Below is a reconciliation of weighted average common shares outstanding for purposes of calculating basic and diluted earnings per share (in thousands):

|   | <b>Three months ended</b> |             |
|---|---------------------------|-------------|
|   | <b>December 31,</b>       |             |
|   | <b>2011</b>               | <b>2010</b> |
| Weighted average common shares outstanding used in computing basic earnings per share           | 64,812                    | 64,263      |
| Dilutive common stock options and restricted stock awards                                       | 497                       | 212         |
| Weighted average common shares outstanding for purposes of computing diluted earnings per share | 65,309                    | 64,475      |

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Approximately 332,000 and 480,000 options to purchase common stock and 959,000 and 223,000 shares of restricted stock were excluded from the computation of diluted earnings per share attributable to common stockholders for the three months ended December 31, 2011 and 2010, respectively, as their effect would be anti-dilutive.

**7. Comprehensive Income (Loss)**

The calculation of the Company's comprehensive income (loss) for the three months ended December 31, 2011 and 2010 is as follows (in thousands):

|  | Three months ended<br>December 31, |                  |
|--|------------------------------------|------------------|
|  | 2011                               | 2010             |
| Net income   | \$ 3,006                           | \$ 23,486        |
| Change in cumulative translation adjustment                                | (3,217)                            | 953              |
| Unrealized gain (loss) on marketable securities                            | 93                                 | (191)            |
| Actuarial loss   | (84)                               |                  |
| <b>Comprehensive income (loss)</b>   | <b>(202)</b>                       | <b>24,248</b>    |
| Comprehensive (loss) attributable to noncontrolling interests              | (8)                                |                  |
| <b>Comprehensive income (loss) attributable to Brooks Automation, Inc.</b> | <b>\$ (210)</b>                    | <b>\$ 24,248</b> |

**8. Segment Information**

The Company reports financial results in four segments: Brooks Product Solutions, Brooks Global Services, Brooks Life Science Systems and Contract Manufacturing. A description of segments is included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

The Company evaluates performance and allocates resources based on revenues, operating income (loss) and returns on invested assets. Operating income (loss) for each segment includes selling, general and administrative expenses directly attributable to the segment. Intersegment revenues between Brooks Product Solutions and Contract Manufacturing were eliminated from Contract Manufacturing revenues. The profits reported on intercompany transactions are based on the transfer prices charged which approximates fair value to third parties. Other unallocated corporate expenses (primarily certain legal costs associated with the Company's past equity incentive-related practices and costs to indemnify a former executive in connection with these matters), amortization of acquired intangible assets (excluding completed technology) and restructuring are excluded from the segments' operating income (loss). The Company's non-allocable overhead costs, which include various general and administrative expenses, are allocated among the segments based upon various cost drivers associated with the respective administrative function, including segment revenues, segment headcount, or an analysis of the segments that benefit from a specific administrative function. Segment assets exclude investments in joint ventures, marketable securities and cash equivalents.

Financial information for the Company's business segments is as follows (in thousands):

|                                      | Brooks<br>Product<br>Solutions | Brooks<br>Global<br>Services | Brooks<br>Life<br>Science<br>Systems | Contract<br>Manufacturing | Total      |
|--------------------------------------|--------------------------------|------------------------------|--------------------------------------|---------------------------|------------|
| Three months ended December 31, 2011 |                                |                              |                                      |                           |            |
| Revenues                             |                                |                              |                                      |                           |            |
| Product                              | \$ 85,294                      | \$ 2,377                     | \$ 9,427                             | \$                        | \$ 97,098  |
| Services                             |                                | 19,717                       | 3,413                                |                           | 23,130     |
|                                      | \$ 85,294                      | \$ 22,094                    | \$ 12,840                            | \$                        | \$ 120,228 |

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|                                      |            |           |            |           |            |
|--------------------------------------|------------|-----------|------------|-----------|------------|
| Gross profit                         | \$ 28,401  | \$ 7,136  | \$ 4,820   | \$        | \$ 40,357  |
| Segment operating income (loss)      | \$ 1,085   | \$ 2,949  | \$ (633)   | \$        | \$ 3,401   |
| Three months ended December 31, 2010 |            |           |            |           |            |
| Revenues                             |            |           |            |           |            |
| Product                              | \$ 112,001 | \$ 3,298  | \$         | \$ 45,890 | \$ 161,189 |
| Services                             |            | 17,178    |            |           | 17,178     |
|                                      | \$ 112,001 | \$ 20,476 | \$         | \$ 45,890 | \$ 178,367 |
| Gross profit                         | \$ 43,090  | \$ 7,267  | \$         | \$ 6,962  | \$ 57,319  |
| Segment operating income             | \$ 17,471  | \$ 2,510  | \$         | \$ 4,643  | \$ 24,624  |
| Assets                               |            |           |            |           |            |
| December 31, 2011                    | \$ 217,841 | \$ 55,987 | \$ 111,523 | \$        | \$ 385,351 |
| September 30, 2011                   | \$ 235,322 | \$ 52,354 | \$ 101,331 | \$        | \$ 389,007 |

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Revenues for the Brooks Product Solutions segment for the three months ended December 31, 2010 include intercompany sales of \$16.5 million from this segment to the Contract Manufacturing segment. These intercompany revenues have been eliminated from the revenues of Contract Manufacturing.

Revenues for the Contract Manufacturing segment for the three months ended December 31, 2010 exclude intercompany sales of \$3.8 million from this segment to the Brooks Product Solutions segment.

A reconciliation of the Company's reportable segment operating income to the corresponding consolidated amounts for the three month periods ended December 31, 2011 and 2010 is as follows (in thousands):

|  | <b>Three months ended<br/>December 31,</b> |                  |
|--|--|------------------|
|  | <b>2011</b>                                | <b>2010</b>      |
| Segment operating income                   | \$ 3,401                                   | \$ 24,624        |
| Other unallocated corporate expenses       | 518  | 231              |
| Amortization of acquired intangible assets | 1,217                                      | 450              |
| Restructuring charges                      | 203  | 214              |
| <b>Total operating income</b>              | <b>\$ 1,463</b>                            | <b>\$ 23,729</b> |

A reconciliation of the Company's reportable segment assets to the corresponding consolidated amounts as of December 31, 2011 and September 30, 2011 is as follows (in thousands):

|  | <b>December 31,<br/>2011</b> | <b>September 30,<br/>2011</b> |
|--|------------------------------|-------------------------------|
| Segment assets   | \$ 385,351                   | \$ 389,007                    |
| Investments in cash equivalents, marketable securities, joint ventures, and other unallocated corporate net assets | 236,453                      | 247,613                       |
| <b>Total assets</b>  | <b>\$ 621,804</b>            | <b>\$ 636,620</b>             |

**9. Significant Customers**

The Company had one customer that accounted for more than 10% of revenues, at 13%, in the three months ended December 31, 2011. The Company had three customers that each accounted for more than 10% of revenues, at 21%, 15% and 10%, respectively, in the three months ended December 31, 2010.

A portion of the Company's revenues are sold to a contract manufacturer which in turn sells to the original equipment manufacturer, or OEM. The Company monitors revenue by OEM. Based on this analysis, one customer accounted for greater than 10% of revenues, at 17%, in the three months ended December 31, 2011. The Company did not have this contract manufacturing relationship during the quarter ended December 31, 2010, so the significant customers for that period were not impacted.

**10. Restructuring-Related Charges and Accruals**

The Company recorded charges to operations of \$203,000 in the three months ended December 31, 2011 for severance costs related primarily to a limited workforce reduction for the Brooks Product Solutions segment in response to the recent declines in demand from semiconductor equipment customers.



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The Company recorded charges to operations of \$214,000 in the three months ended December 31, 2010 which consisted of severance costs of \$165,000 and facility related restructuring costs of \$49,000. The severance charges primarily include adjustments for contingent severance arrangements for corporate management positions eliminated in prior periods. The facility costs are primarily related to the amortization of a deferred discount on multi-year facility restructuring liabilities. The Company no longer has facility related restructuring costs as of September 30, 2011.

The activity for the three months ended December 31, 2011 and 2010 related to the Company's restructuring-related accruals is summarized below (in thousands):

|                   | Activity Three Months Ended December 31, 2011 |         |             |                                 |
|-------------------|---|---------|-------------|---------------------------------|
|                   | Balance<br>September<br>30,<br>2011           | Expense | Utilization | Balance<br>December 31,<br>2011 |
| Workforce-related | \$ 293  | \$ 203  | \$ (175)    | \$ 321                          |

|                      | Activity Three Months Ended December 31, 2010 |         |             |                                 |
|----------------------|---|---------|-------------|---------------------------------|
|                      | Balance<br>September<br>30,<br>2010           | Expense | Utilization | Balance<br>December 31,<br>2010 |
| Facilities and other | \$ 3,509                                      | \$ 49   | \$ (1,033)  | \$ 2,525                        |
| Workforce-related    |   | 165     | (165)       |                                 |
|                      | \$ 3,509                                      | \$ 214  | \$ (1,198)  | \$ 2,525                        |

**11. Employee Benefit Plans**

On October 26, 2005, the Company purchased Helix Technology Corporation and assumed responsibility for the liabilities and assets of the Helix Employees' Pension Plan (the Helix Plan). The Plan is a final average pay pension plan. In May 2006, the Company's Board of Directors approved the freezing of benefit accruals and future participation in the Plan effective October 31, 2006. The Company expects to contribute \$0.7 million in contributions to the Helix Plan in fiscal 2012.

The Company acquired Nexus on July 25, 2011, and in connection with this acquisition, assumed responsibility for the liabilities of the Nexus Biosystems AG Pension Plan (the Nexus Plan). The Nexus Plan covers substantially all employees of the Company's Swiss subsidiary. Admittance for risk benefits (disability and death) is as of January 1 for employees who are 17 or older. Admittance into the pension plan with retirement pension occurs as of January 1 for employees who are age 24 or older. Pension benefits are based on the accumulated savings credits plus interest. The amount of the savings credit is based on the employee's age. The Company expects to contribute \$0.3 million to the Nexus Plan in fiscal 2012.

The Company also has a pension plan covering certain employees of its Taiwan subsidiary that were employed by this entity on or before July 1, 2005 (the Taiwan Plan). After July 1, 2005, most participants of this plan decided to join a defined contribution plan and as a result, their service earned under the Taiwan Plan was frozen.

The components of the Company's net pension cost related to the Helix Plan, the Nexus Plan and the Taiwan Plan for the three months ended December 31, 2011 and 2010 is as follows (in thousands):

| Three months ended<br>December 31, |      |
|------------------------------------|------|
| 2011                               | 2010 |

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|                           |        |        |
|---------------------------|--------|--------|
| Service cost              | \$ 151 | \$ 25  |
| Interest cost             | 249    | 185    |
| Amortization of losses    | 115    | 114    |
| Expected return on assets | (235)  | (180)  |
| Net periodic pension cost | \$ 280 | \$ 144 |

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Components of other selected captions in the Consolidated Balance Sheets are as follows (in thousands):

|                                   | December 31,<br>2011 | September 30,<br>2011 |
|-----------------------------------|----------------------|-----------------------|
| Accounts receivable               | \$ 74,229            | \$ 77,318             |
| Less allowances                   | 545                  | 617                   |
|                                   | \$ 73,684            | \$ 76,701             |
| Inventories, net                  |                      |                       |
| Raw materials and purchased parts | \$ 66,851            | \$ 65,770             |
| Work-in-process                   | 23,465               | 29,460                |
| Finished goods                    | 12,296               | 12,424                |
|                                   | \$ 102,612           | \$ 107,654            |

The Company provides for the estimated cost of product warranties, primarily from historical information, at the time product revenue is recognized and retrofit accruals at the time retrofit programs are established. The Company's warranty obligation is affected by product failure rates, utilization levels, material usage, service delivery costs incurred in correcting a product failure, and supplier warranties on parts delivered to the Company. Product warranty and retrofit activity on a gross basis for the three months ended December 31, 2011 and 2010 is as follows (in thousands):

**Activity Three Months Ended December 31, 2011**

| Balance       |                                  |          |             | Balance      |
|---------------|----------------------------------|----------|-------------|--------------|
| September 30, | Adjustments for                  | Accruals | Settlements | December 31, |
| 2011          | acquisitions<br>and divestitures |          |             | 2011         |
| \$ 7,438      | \$ 7                             | \$ 3,518 | \$ (3,670)  | \$ 7,293     |

**Activity Three Months Ended December 31, 2010**

| Balance       |          |             |  | Balance      |
|---------------|----------|-------------|--|--------------|
| September 30, | Accruals | Settlements |  | December 31, |
| 2010          |          |             |  | 2010         |
| \$ 8,195      | \$ 2,509 | \$ (2,822)  |  | \$ 7,882     |

**13. Joint Ventures**

The Company participates in a 50% joint venture, ULVAC Cryogenics, Inc. ( UCI ), with ULVAC Corporation of Chigasaki, Japan. UCI manufactures and sells cryogenic vacuum pumps, principally to ULVAC Corporation. For the three months ended December 31, 2011 and 2010, the Company recorded income associated with UCI of \$1.0 million and \$0.2 million, respectively. At December 31, 2011, the carrying value of UCI in the Company's consolidated balance sheet was \$31.1 million. For the three months ended December 31, 2011 and 2010, management fee payments received by the Company from UCI were \$0.4 million and \$0.2 million, respectively. For the three months ended December 31, 2011 and 2010, the Company incurred charges from UCI for products or services of \$0.3 million and \$0.1 million, respectively. At December 31, 2011 and September 30, 2011 the Company owed UCI \$0.2 million and \$0.1 million, respectively, in connection with accounts payable for



unpaid products and services.

The Company participates in a 50% joint venture with Yaskawa Electric Corporation ( Yaskawa ) called Yaskawa Brooks Automation, Inc. ( YBA ) to exclusively market and sell Yaskawa s semiconductor robotics products and Brooks automation hardware products to semiconductor customers in Japan. For the three months ended December 31, 2011 and 2010, the Company recorded income associated with YBA of \$0.2 million and \$0.1 million, respectively. At December 31, 2011, the carrying value of YBA in the Company s consolidated balance sheet was \$4.3 million. For the three months ended December 31, 2011 and 2010, revenues earned by the Company from YBA were \$2.1 million and \$3.3 million, respectively. The amount due from YBA included in accounts receivable at December 31, 2011 and September 30, 2011 was \$2.3 million and \$2.2 million, respectively. For the three months ended December 31, 2011 and 2010, the Company incurred charges from YBA for products or services of \$0.1 million. At December 31, 2011 and September 30, 2011 the Company owed YBA \$0.1 million in connection with accounts payable for unpaid products and services.

These investments are accounted for using the equity method. Under this method of accounting, the Company records in income a proportionate share of the earnings of the joint ventures with a corresponding increase in the carrying value of the investment.

#### **14. Marketable Securities**

The Company invests its cash in marketable securities and classifies them as available-for-sale. The Company records these securities at fair value. Marketable securities reported as current assets represent investments that mature within one year from the balance sheet date. Long-term marketable securities represent investments with maturity dates greater than one year from the balance sheet date. At the time that the maturity dates of these investments become one year or less, the securities are reclassified to current

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assets. Unrealized gains and losses are excluded from earnings and reported in a separate component of stockholders' equity until they are sold or mature. At the time of sale, any gains or losses, calculated by the specific identification method, will be recognized as a component of operating results.

The following is a summary of marketable securities (included in short and long-term marketable securities in the consolidated balance sheets), including accrued interest receivable, as of December 31, 2011 and September 30, 2011 (in thousands):

|  | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|--|-------------------|------------------------------|-------------------------------|---------------|
| <b>December 31, 2011:</b>  |                   |                              |                               |               |
| U.S. Treasury securities and obligations of U.S. government agencies | \$ 46,055         | \$ 25                        | \$ (5)                        | \$ 46,075     |
| Corporate securities   | 70,567            | 60                           | (152)                         | 70,475        |
| Mortgage-backed securities(1)  | 1,522             | 21                           | (52)                          | 1,491         |
| Other debt securities  | 262               |                              |                               | 262           |
| Municipal securities   | 24,028            | 13                           | (10)                          | 24,031        |
| Bank certificate of deposits   | 2,956             | 1                            |                               | 2,957         |
|  | \$ 145,390        | \$ 120                       | \$ (219)                      | \$ 145,291    |
| <b>September 30, 2011:</b>   |                   |                              |                               |               |
| U.S. Treasury securities and obligations of U.S. government agencies | \$ 53,342         | \$ 17                        | \$ (21)                       | \$ 53,338     |
| Corporate securities   | 66,045            | 50                           | (203)                         | 65,892        |
| Mortgage-backed securities(2)  | 786               | 26                           | (3)                           | 809           |
| Other debt securities  | 434               |                              |                               | 434           |
| Municipal securities   | 24,915            | 9                            | (67)                          | 24,857        |
| Bank certificate of deposits   | 1,655             |                              |                               | 1,655         |
|  | \$ 147,177        | \$ 102                       | \$ (294)                      | \$ 146,985    |

(1) Fair value amounts include approximately \$0.7 million of investments in the Federal Home Loan Mortgage and Federal National Mortgage Association.

(2) Fair value amounts include approximately \$0.7 million of investments in the Federal Home Loan Mortgage and Federal National Mortgage Association.

The fair value of the marketable securities at December 31, 2011 by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties (in thousands).

|                                       | Fair<br>Value |
|---------------------------------------|---------------|
| Due in one year or less               | \$ 79,465     |
| Due after one year through five years | 62,035        |
| Due after ten years                   | 3,791         |
|                                       | \$ 145,291    |

**15. Fair Value Measurements**

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The fair value measurement guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset and liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities of the Company measured at fair value on a recurring basis as of December 31, 2011 and September 30, 2011 are summarized as follows (in thousands):

| Description                   | Fair Value Measurements at Reporting Date Using Quoted Prices |   |   |   |
|-------------------------------|---|---|---|---|
|                               | December 31, 2011   | Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets                        |   |   |   |   |
| Cash Equivalents              | \$ 11,707   | \$ 11,707                                     | \$  | \$  |
| Available-for-sale securities | 145,291   | 70,475  | 74,816  |   |
| Total Assets                  | \$ 156,998  | \$ 82,182                                     | \$ 74,816                                     | \$  |

| Description                   | Fair Value Measurements at Reporting Date Using Quoted Prices in Active |  |   |   |
|-------------------------------|---|--|---|---|
|                               | September 30, 2011  | Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets                        |   |  |   |   |
| Cash Equivalents              | \$ 9,576  | \$ 9,576                               | \$  | \$  |
| Available-for-sale securities | 146,985   | 63,331                                 | 83,654  |   |
| Total Assets                  | \$ 156,561  | \$ 72,907                              | \$ 83,654                                     | \$  |

**Cash Equivalents**

Cash equivalents of \$11.7 million, consisting of Money Market Funds, are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets.

**Available-For-Sale Securities**

Available-for-sale securities of \$70.5 million, consisting of highly rated Corporate Bonds, are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets of identical assets or liabilities. Available-for-sale securities of \$74.8 million, consisting of Asset Backed Securities, Municipal Bonds, and Government Agencies are classified within Level 2 of the fair value hierarchy because they are valued using matrix pricing and benchmarking. Matrix pricing is a mathematical technique used to value securities by relying on the securities' relationship to other benchmark quoted prices.

**16. Contingencies**

On August 22, 2006, an action captioned as *Mark Levy v. Robert J. Therrien and Brooks Automation, Inc.*, was filed in the United States District Court for the District of Delaware, seeking recovery, on behalf of Brooks, from Mr. Therrien (the Company's former Chairman and CEO) under Section 16(b) of the Exchange Act for alleged short-swing profits earned by Mr. Therrien due to the loan and stock option exercise in November 1999, and a sale by Mr. Therrien of Brooks stock in March 2000. The complaint sought disgorgement of all profits earned by Mr. Therrien on the transactions, attorneys' fees and other expenses. On February 20, 2007, a second Section 16(b) action, concerning the same loan and stock

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option exercise in November 1999 discussed above and seeking the same remedy, was filed in the United States District Court of the District of Delaware, captioned *Aron Rosenberg v. Robert J. Therrien and Brooks Automation, Inc.* On April 4, 2007, the court issued an order consolidating the *Levy* and *Rosenberg* actions (the Section 16(b) Action ).

On February 24, 2011, the parties executed a settlement agreement which, upon court approval, would resolve the Section 16(b) Action. Pursuant to this agreement, Mr. Therrien sold 150,000 shares of Brooks stock, the proceeds of which form the settlement fund and totaled approximately \$1.9 million. The plaintiffs agreed to seek a fee not exceeding 30 percent of this settlement fund, the remainder of which would be delivered to the Company following court approval. Notice of the proposed settlement, which described the proposed settlement in further detail, was mailed to shareholders of record as of March 31, 2011.

In connection with the agreement to settle the Section 16(b) Action, the Company reached an agreement with Mr. Therrien and the Company's former Directors and Officers Liability Insurance Carriers (the Global Settlement Agreement ) to resolve (1) Mr. Therrien's

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civil litigation with the United States Securities and Exchange Commission ( SEC ), (2) any of the Company s advancement or indemnification obligations to Mr. Therrien in connection with that matter, and (3) the Company s claim against these insurance carriers for reimbursement of certain defense costs which the Company paid to Mr. Therrien pursuant to his indemnification agreement with the Company. Pursuant to the Global Settlement Agreement, Mr. Therrien agreed to enter into a settlement with the SEC. If approved by the SEC and the court in that matter, in addition to delivering to the Company the net proceeds of the sale of 150,000 shares of Brooks stock in connection with the Section 16(b) matter, Mr. Therrien would pay the SEC approximately \$728,000 in disgorgement and \$100,000 in fines. To resolve any indemnification claim by Mr. Therrien against the Company in connection with this matter, the Company has agreed to reimburse him \$500,000 towards his disgorgement payment. Finally, upon resolution of both the Section 16(b) matter and the SEC matter, the Company s insurers have agreed to pay Brooks a net sum of approximately \$3.5 million. This payment would resolve any claim the Company may have against its former insurers for certain defense costs paid to Mr. Therrien.

On May 17, 2011, the court in the Section 16(b) Action held a hearing to determine the fairness of the proposed settlement in that action. Following the hearing, the court approved that settlement, finding that the settlement in the Section 16(b) Action and the Global Settlement Agreement were both in the best interest of the parties and the Company s shareholders. On June 16, 2011, the settlement of the Section 16(b) Action became final and the Company received \$1.3 million in settlement proceeds of which 50% will be paid to the Company s insurance company and the remaining 50% has been recorded as income. On February 1, 2012, the court approved Mr. Therrien s settlement with the SEC. With the case settled, the Company will receive additional net insurance proceeds to reimburse litigation related costs previously incurred of approximately \$3.5 million which will be recorded as a reduction to Selling, General & Administrative costs during the three months ended March 31, 2012.

The Company is subject to various legal proceedings, both asserted and unasserted, that arise in the ordinary course of business. The Company believes that none of these claims will have a material adverse effect on its consolidated financial condition or results of operations.

**17. Subsequent Events**

On January 6, 2012, the Company acquired primarily intangible assets from Intevac, Inc. for \$3.0 million. This purchase will enhance the Company s development efforts towards its next generation of semiconductor automation tools.

On February 8, 2012, the Company s Board of Directors declared a cash dividend of \$0.08 per share payable on March 30, 2012 to common stockholders of record on March 9, 2012. Dividends are declared at the discretion of the Company s Board of Directors and depend on actual cash from operations, the Company s financial condition and capital requirements and any other factors the Company s Board of Directors may consider relevant. Future dividend declarations, as well as the record and payment dates for such dividends, will be determined by the Company s Board of Directors on a quarterly basis.

**Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations**

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements which involve known risks, uncertainties and other factors which may cause the actual results, our performance or our achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include the Risk Factors which are set forth in our Annual Report on Form 10-K for the most recently completed fiscal year and which are incorporated herein by reference. Precautionary statements made in our Annual Report on Form 10-K should be read as being applicable to all related forward-looking statements whenever they appear in this report.

**Overview**

We are a leading provider of automation, vacuum and instrumentation solutions for multiple markets and are a valued business partner to original equipment manufacturers ( OEMs ) and equipment users throughout the world. We serve markets where equipment productivity and availability is a critical factor for our customers success, typically in demanding temperature and/or pressure environments. Our largest served market is the semiconductor capital equipment industry, which represented approximately 65% of our consolidated revenues for fiscal year 2011 and 51% for the first three months of fiscal year 2012. We have targeted certain non-semiconductor revenue opportunities, made acquisitions and completed a divestiture which has led to an increase in the non-semiconductor portion of our revenues. The non-semiconductor markets served by us include life sciences, industrial capital equipment and other adjacent markets which include clean energy.

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The demand for semiconductors and semiconductor manufacturing equipment is cyclical, resulting in periodic expansions and contractions of this market. Demand for our products has been impacted by these cyclical industry conditions. We expect the semiconductor equipment market will continue to be a key end market for our products, however, we intend to acquire and develop technologies that will create opportunities outside of the semiconductor market. We completed the following acquisitions to expand our life sciences product offering:

RTS Life Sciences ( RTS ), a United Kingdom-based provider of automation solutions to the life sciences markets, acquired on April 1, 2011 for \$3.4 million, net of cash on hand;

Nexus Biosystems, Inc. ( Nexus ), a California-based provider of automation solutions and consumables to the life sciences markets on July 25, 2011 for \$84.9 million, net of cash on hand;

The Celigo<sup>®</sup> Cell Cytometer product line from Cytellect Inc., a life sciences product used for cellular imaging, acquired on December 30, 2011 for \$8.7 million in cash, plus a deferred cash payment of \$0.5 million that is payable on June 29, 2012. On June 28, 2011, we sold the assets of our extended factory contract manufacturing business to affiliates of Celestica, Inc. for total consideration of \$81.8 million. The revenues generated by this business were from semiconductor capital equipment companies.

Although we have entered into transactions to expand the non-semiconductor portions of our business, we will continue to make investments to maintain and grow our semiconductor product and service offerings. On January 6, 2012, we acquired primarily intangible assets from Intevac, Inc. for \$3.0 million. We will use these assets in the development of our next generation of semiconductor automation tools. We expect to expense a considerable portion of this asset purchase as an in-process research and development cost in our second quarter of fiscal 2012.

We report financial results in four segments: Brooks Product Solutions, Brooks Global Services, Brooks Life Science Systems and Contract Manufacturing. This financial reporting structure was implemented effective as of the beginning of our fourth quarter of fiscal year 2011 in response to changes in our management structure as well as the acquisition of two life science companies in the second half of fiscal 2011. Historic results included in this quarterly report have been reclassified where applicable to conform to this new operating segment structure.

The Brooks Product Solutions segment provides a variety of products critical to technology equipment productivity and availability. Those products include atmospheric and vacuum tool automation systems, atmospheric and vacuum robots and robotic modules and cryogenic vacuum pumping, thermal management and vacuum measurement solutions which are used to create, measure and control critical process vacuum applications.

The Brooks Global Services segment provides an extensive range of support services including on and off-site repair services, on and off-site diagnostic support services, and installation services to enable our customers to maximize process tool uptime and productivity. This segment also provides end-user customers with spare parts support services to maximize customer tool productivity.

The Brooks Life Science Systems segment provides automated sample management systems for automated cold sample storage, automated blood fractionation equipment, sample preparation and handling equipment, cellular imaging, consumables, and parts and support services to a wide range of life science customers including pharmaceutical companies, biotechnology companies, biobanks, national laboratories, research institutes and research universities.

The Contract Manufacturing segment provided services to build equipment front-end modules, vacuum transport modules and other subassemblies which enable our customers to effectively source high quality and high reliability process tools for semiconductor market applications. We sold this segment on June 28, 2011.

### **Three Months Ended December 31, 2011, Compared to Three Months Ended December 31, 2010**

#### **Revenues**

We reported revenues of \$120.2 million for the three months ended December 31, 2011, compared to \$178.4 million in the same prior year period, a decrease of 33%. These decreases were primarily due to the sale of our Contract Manufacturing segment in June 2011, which decreased revenues by \$45.9 million as compared to the same prior year period and reduced demand for our products, primarily from our

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semiconductor equipment customers, which reduced our revenues by \$26.7 million as compared to the same prior year period. These decreases were partially offset by a \$1.6 million increase in revenues for our Brooks Global Services segment and the RTS and Nexus acquisitions which increased revenues by \$12.8 million as compared to the same prior year period. Recent demand for semiconductor capital equipment has improved, and we expect this improvement in demand along with continued growth in our Brooks Life Sciences revenues to result in higher revenues in the near term as compared to the revenues achieved in the three months ended December 31, 2011.



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Our Brooks Product Solutions segment reported revenues of \$85.3 million for the three months ended December 31, 2011, a decrease of 24% from \$112.0 million in the same prior year period. These decreases were mostly attributable to lower volumes of shipments to semiconductor capital equipment customers, which decreased by \$21.2 million as compared to the same prior year period.

Our Brooks Global Services segment reported revenues of \$22.1 million for the three months ended December 31, 2011, an 8% increase from \$20.5 million in the same prior year period. Revenues for this segment include service revenues for service contract and repair services that totaled \$19.7 million for the three months ended December 31, 2011, as compared to \$17.2 million in the same prior year period. The balance of revenues for this segment includes the sale of spare parts.

Our Brooks Life Science Systems segment reported revenues of \$12.8 million for the three months ended December 31, 2011. The increase of the \$12.8 million is due to the acquisition in the second half of fiscal 2011 of RTS and Nexus.

Our Contract Manufacturing segment reported revenues of \$45.9 million for the three months ended December 31, 2010. This segment was sold on June 28, 2011.

Revenues for the Brooks Product Solutions segment for the three months ended December 31, 2010 include intercompany sales of \$16.5 million from this segment to the Contract Manufacturing segment. These intercompany revenues have been eliminated from the revenues of Contract Manufacturing.

Revenues for the Contract Manufacturing segment for the three months ended December 31, 2010 exclude intercompany sales of \$3.8 million from this segment to the Brooks Product Solutions segment.

## **Gross Margin**

Gross margin percentage increased to 33.6% for the three months ended December 31, 2011, compared to 32.1% for the same prior year period. This increase was primarily attributable to a more favorable product mix with the addition of our higher margin Brooks Life Science Systems segment and the sale of our lower margin Contract Manufacturing segment. The increase was partially offset by the charges for excess and obsolete inventory which decreased gross margin percentage by 0.9%, and the reduction in demand for our products from semiconductor equipment customers, which led to reduced production and lower absorption of our fixed costs.

Gross margin percentage for our Brooks Product Solutions segment decreased to 33.3% for the three months ended December 31, 2011 as compared to 38.5% in the same prior year period. The decrease in gross margin percentage was primarily due to the reduction in demand for our products, which led to reduced production and lower absorption of our fixed costs. In addition, increased charges for excess and obsolete inventory reduced gross margin percentage by 0.4%.

Gross margin percentage for our Brooks Global Services segment decreased to 32.3% for the three months ended December 31, 2011 as compared to 35.5% in the same prior year period. This decrease was primarily attributable to an increase in charges for excess and obsolete inventories which reduced gross margin percentage by 1.8% along with a less favorable revenue mix.

Gross margin percentage for our Brooks Life Science Systems segment was 37.5% for the three months ended December 31, 2011, and has been reduced by 2.8% to expense the step-up in value of inventories resulting from purchase accounting and 2.4% for amortization of completed technology intangible assets.

Gross margin percentage for our Contract Manufacturing segment for the three months ended December 31, 2010 was 15.2%. The sale of this lower gross margin segment at the end of our third quarter of fiscal year 2011 has led to an overall increase in our post sale gross margin percentage.

## **Research and Development**

Research and development, or R&D, expenses for the three months ended December 31, 2011 were \$11.9 million, an increase of \$3.0 million, compared to \$8.9 million in the same prior year period. This increase includes \$2.1 million of R&D expenses for Nexus and RTS, which were not included in the same prior year period, as well as increased expenses to enhance our current product offerings and internally create products and services to grow longer-term revenues for technology markets outside of the semiconductor market.



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### **Selling, General and Administrative**

Selling, general and administrative, or SG&A expenses were \$26.7 million for the three months ended December 31, 2011, an increase of \$2.2 million compared to \$24.5 million in the same prior year period. The increase is primarily attributable to the acquisitions of Nexus and RTS, which increased SG&A costs by \$3.1 million, including \$0.8 million of amortization of intangible assets. Other cost increases include \$0.5 million of higher consulting costs in connection with our initiatives to improve certain operating efficiencies and \$0.5 million of higher professional fees which include \$0.2 million of costs to close recent acquisitions. These increases have been partially offset by a \$1.9 million reduction of SG&A costs due to the sale of our Contract Manufacturing segment which is no longer in our SG&A cost structure.

### **Restructuring Charges**

We recorded charges to operations of \$203,000 in the three months ended December 31, 2011 for severance costs related primarily to a limited workforce reduction for the Brooks Product Solutions segment in response to the recent declines in demand from semiconductor equipment customers.

We recorded a restructuring charge of \$214,000 in the three months ended December 31, 2010 which consisted of severance costs of \$165,000 and facility related restructuring costs of \$49,000. The severance charges primarily include adjustments for contingent severance arrangements for corporate management positions eliminated in prior periods. The facility costs are primarily related to the amortization of a deferred discount on multi-year facility restructuring liabilities. We no longer have facility related restructuring costs as of September 30, 2011.

### **Interest Income**

Interest income was \$0.3 million for each of the three month periods ended December 31, 2011 and 2010. The cash balances available for investing have increased during the three months ended December 31, 2011 as compared to the same prior year period. However, lower interest rates available in the short to intermediate term fixed income market have fully offset the cash balance increases.

### **Other Income, Net**

Other income, net, was \$0.3 million and \$0.2 million for the three months ended December 31, 2011 and 2010, respectively, and consist primarily of joint venture management fee income.

### **Income Tax Provision**

We recorded an income tax provision of \$0.3 million and \$1.0 million for the three months ended December 31, 2011 and 2010, respectively. These provisions substantially consist of foreign income taxes arising from our international sales mix, certain state income taxes and interest related to unrecognized tax benefits. We continued to provide a full valuation allowance for our net deferred tax assets at December 31, 2011, as we believe it is more likely than not that the future tax benefits from accumulated net operating losses and other temporary differences will not be realized. We will continue to assess the need for a valuation allowance in future periods. If we continue to generate profits in most of our jurisdictions, it is reasonably possible that there will be a significant reduction in the valuation allowance in the next twelve months. Reduction of the valuation allowance, in whole or in part, would result in a non-cash income tax benefit during the period of reduction.

### **Equity in Earnings of Joint Ventures**

Income associated with our 50% interest in ULVAC Cryogenics, Inc., or UCI, a joint venture with ULVAC Corporation of Japan, was \$1.0 million and \$0.2 million for the three months ended December 31, 2011 and 2010, respectively. This increase was the result of a 76% increase in revenues along with a 9% increase in the value of the Japanese yen, which is the functional currency for this joint venture. We expect income associated with UCI to decrease in the near term due to slowing demand for UCI products. The income associated with our 50% interest in Yaskawa Brooks Automation, Inc., a joint venture with Yaskawa Electric Corporation of Japan was \$0.2 million and \$0.1 million for the three months ended December 31, 2011 and 2010, respectively.

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**Liquidity and Capital Resources**

Our business is significantly dependent on capital expenditures that are dependent on the current and anticipated market demand for the underlying products for which capacity is established. Demand for semiconductors is cyclical and has historically experienced periodic downturns. This cyclicity makes estimates of future revenues, results of operations and net cash flows inherently uncertain.

At December 31, 2011, we had cash, cash equivalents and marketable securities aggregating \$194.5 million. This amount was comprised of \$49.2 million of cash and cash equivalents, \$79.5 million of investments in short-term marketable securities and \$65.8 million of investments in long-term marketable securities.

Cash and cash equivalents were \$49.2 million at December 31, 2011, a decrease of \$9.6 million from September 30, 2011. This decrease was primarily due to a cash outflow of \$8.7 million in connection with the acquisition of Celigo, payment of cash dividends of \$5.2 million and \$2.1 million of capital expenditures. These uses of cash were partially offset by cash provided by operating activities of \$5.1 million and \$1.0 million of net sales of marketable securities.

Cash provided by operating activities was \$5.1 million for the three months ended December 31, 2011, and was comprised of net income of \$3.0 million, and further increased by \$7.7 million for non-cash related charges such as \$5.3 million of depreciation and amortization and \$1.7 million of stock-based compensation. Cash provided by operations was offset by \$4.3 million of increases in working capital, primarily due to the payment of our annual incentive compensation in the current quarter which was expensed in the prior fiscal year. Further, cash provided by operations was partially offset by \$1.2 million of undistributed earnings of our joint ventures which is a non-cash income item.

Cash used in investing activities was \$9.4 million for the three months ended December 31, 2011, and is principally comprised of \$8.7 million in connection with the acquisition of Celigo and \$2.1 million of capital expenditures. Cash used in investing activities was partially offset by net sales of marketable securities of \$1.0 million and a \$0.4 million decrease in restricted cash related to expirations of certain cash collateralized international letters of credit. Capital expenditures include \$0.8 million for building renovations and \$0.4 million for the implementations of software, including further international implementations of our Oracle ERP system and a new global Human Resource Information System.

Cash used in financing activities for the three months ended December 31, 2011 is comprised of \$5.2 million for our quarterly cash dividend paid on December 30, 2011.

At December 31, 2011, we had approximately \$2.2 million of letters of credit outstanding.

On June 21, 2010, we filed a registration statement on Form S-3 with the SEC to sell up to \$200 million of securities, before any fees or expenses of the offering. Securities that may be sold include common stock, preferred stock, warrants or debt securities. Any such offering, if it does occur, may happen in one or more transactions. Specific terms of any securities to be sold will be described in supplemental filings with the SEC.

On February 8, 2012, our Board of Directors approved a cash dividend of \$0.08 per share of the Company's common stock. The total dividend of approximately \$5.2 million will be paid on March 30, 2012 to shareholders of record at the close of business on March 9, 2012. This dividend is our third consecutive quarterly dividend. Dividends are declared at the discretion of our Board of Directors and depend on actual cash from operations, our financial condition and capital requirements and any other factors our Board of Directors may consider relevant. We intend to pay quarterly cash dividends in the future; however, the amount and timing of these dividends may be impacted by the cyclical nature of the semiconductor capital equipment market. We may reduce, delay or cancel a quarterly cash dividend based on the severity of a cyclical downturn.

We believe that we have adequate resources to fund our currently planned working capital and capital expenditure requirements for the next twelve months. The cyclical nature of our served markets and uncertainty with the current global economic environment makes it difficult for us to predict longer-term liquidity requirements with certainty. We may be unable to obtain any required additional financing on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to successfully develop or enhance products, respond to competitive pressure or take advantage of acquisition opportunities, any of which could have a material adverse effect on our business.

**Table of Contents****Other Key Indicators of Financial Condition and Operating Performance**

EBITDA and Adjusted EBITDA presented below are supplemental measures of our performance that are not required by, or presented in accordance with GAAP. EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income (loss) or any other performance measures derived in accordance with GAAP.

EBITDA represents net income (loss) before interest income, income tax provision, depreciation and amortization. Adjusted EBITDA is defined as EBITDA further adjusted to give effect to certain non-recurring and non-cash items and other adjustments. We believe that the inclusion of EBITDA and Adjusted EBITDA in this Form 10-Q is appropriate because we consider it an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors and other interested parties. We use Adjusted EBITDA internally as a critical measurement of operating effectiveness. We believe EBITDA and Adjusted EBITDA facilitates operating performance comparison from period to period and company to company by backing out potential differences caused by variations in capital structures, tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense).

In determining Adjusted EBITDA, we eliminate the impact of a number of items. For the reasons indicated herein, you are encouraged to evaluate each adjustment and whether you consider it appropriate. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in the presentation of Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

they do not reflect our cash expenditures for capital expenditure or contractual commitments;

they do not reflect changes in, or cash requirements for, our working capital requirements;

other companies, including other companies in our industry, may calculate these measures differently than we do, limiting their usefulness as a comparative measure.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. For these purposes, we rely on our GAAP results. For more information, see our consolidated financial statements and notes thereto appearing elsewhere in this report.

The following table sets forth a reconciliation of net income to EBITDA for the periods indicated (in thousands):

|  | <b>Three Months Ended</b> |                  |
|--|---------------------------|------------------|
|  | <b>December 31,</b>       |                  |
|  | <b>2011</b>               | <b>2010</b>      |
| Net income attributable to Brooks Automation, Inc. | \$ 2,998                  | \$ 23,486        |
| Interest income, net                               | (272)                     | (274)            |
| Provision for income taxes                         | 300                       | 988              |
| Depreciation and amortization                      | 5,268                     | 4,274            |
| <b>EBITDA</b>                                      | <b>\$ 8,294</b>           | <b>\$ 28,474</b> |

The following table sets forth a reconciliation of EBITDA to Adjusted EBITDA for the periods indicated (in thousands):

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|   | <b>Three Months Ended</b> |             |
|---|---------------------------|-------------|
|   | <b>December 31,</b>       |             |
|   | <b>2011</b>               | <b>2010</b> |
| EBITDA  | \$ 8,294                  | \$ 28,474   |
| Stock-based compensation                      | 1,743                     | 1,209       |
| Restructuring costs                           | 203                       | 214         |
| Purchase accounting impact on sales contracts | 360                       |             |
| Merger costs                                  | 221                       |             |
| Adjusted EBITDA                               | \$ 10,821                 | \$ 29,897   |

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The decrease in EBITDA for the three months ended December 31, 2011 as compared to the same prior year period was primarily related to the \$58.1 million decrease in revenues. For a further discussion of the factors impacting our revenues, see the discussion of our results of operations above.

Stock-based compensation increased for the three months ended December 31, 2011 as compared to the same prior year period due to the granting of additional awards during the 2012 period.

For a discussion of our restructuring charges, see the discussion of our results of operations above.

Merger costs include \$105,000 of transactions costs for the acquisition of the Celigo product line, and \$116,000 of additional transaction costs related to the Nexus acquisition.

## **Recently Enacted Accounting Pronouncements**

In December 2010, the Financial Accounting Standards Board ( FASB ) issued an amendment to the accounting requirements of goodwill, which requires a qualitative approach to considering impairment for a reporting unit with zero or negative carrying value. On October 1, 2011 we adopted this standard, which had no impact on our financial position or results of operations.

In December 2010, the FASB issued an amendment to the accounting requirements of business combinations, which establishes accounting and reporting standards for pro forma revenue and earnings of the combined entity for the current and comparable reporting periods. On October 1, 2011 we adopted this standard, which had no impact on our financial position or results of operations.

In May 2011, the FASB issued updated accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between GAAP and International Financial Reporting Standards. This guidance includes amendments which change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This guidance will be effective for us on January 1, 2012 and we do not believe that the adoption of this guidance will have a material impact on our financial position or results of operations.

In June 2011, the FASB issued an amendment to the accounting guidance for presentation of comprehensive income. Under the amended guidance, a company may present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This authoritative guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholder s equity. This amendment is effective for annual periods beginning after December 15, 2011. Other than a change in presentation, we do not believe that the adoption of this guidance will have a material impact on our financial position or results of operations.

In September 2011, the FASB issued revised guidance intended to simplify how an entity tests goodwill for impairment. The amendment will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. On October 1, 2011 we adopted this standard and will apply this guidance in the future, which is not expected to have an impact on our financial position or results of operations.

## ***Item 3. Quantitative and Qualitative Disclosures About Market Risk***

We are exposed to a variety of market risks, including changes in interest rates affecting the return on our cash and cash equivalents, short-term and long-term investments and fluctuations in foreign currency exchange rates.

### **Interest Rate Exposure**

As our cash and cash equivalents consist principally of money market securities, which are short-term in nature, our exposure to market risk related to interest rate fluctuations for these investments is not significant. Our short-term and long-term investments consist mostly of highly rated corporate debt securities, and as such, market risk to these investments is not significant. During the three months ended December 31, 2011, the unrealized gain on marketable securities was \$93,000. A hypothetical 100 basis point change in interest rates would result in an annual change of approximately \$2.2 million in interest income earned.





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### **Currency Rate Exposure**

We have transactions and balances denominated in currencies other than the U.S. dollar. Most of these transactions or balances are denominated in Euros, sterling and a variety of Asian currencies. Sales in currencies other than the U.S. dollar were 29% of our total sales for the three months ended December 31, 2011. These foreign sales were made primarily by our foreign subsidiaries, which have cost structures that substantially align with the currency of sale.

In the normal course of our business, we have short-term advances between our legal entities that are subject to foreign currency exposure. These short-term advances were approximately \$20.2 million at December 31, 2011, and relate to the Euro, sterling and a variety of Asian currencies. We incurred a foreign currency loss of \$0.1 million for the three months ended December 31, 2011, which relates to the currency fluctuation on these advances between the time the transaction occurs and the ultimate settlement of the transaction. A hypothetical 10% change in foreign exchange rates at December 31, 2011 would result in a \$2.0 million change in our net income. We mitigate the impact of potential currency translation losses on these short-term intercompany advances by the timely settlement of each transaction, generally within 30 days.

### **Item 4. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures.* As of the end of the period covered by this report, and pursuant to Rules 13a- 15(e) and 15d-15(e) under the Securities Exchange Act of 1934, the Company's management, including our chief executive officer and chief financial officer has concluded that our disclosure controls and procedures are effective.

*Change in Internal Controls.* There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

On August 22, 2006, an action captioned as *Mark Levy v. Robert J. Therrien and Brooks Automation, Inc.*, was filed in the United States District Court for the District of Delaware, seeking recovery, on behalf of Brooks, from Mr. Therrien (the Company's former Chairman and CEO) under Section 16(b) of the Exchange Act for alleged short-swing profits earned by Mr. Therrien due to the loan and stock option exercise in November 1999, and a sale by Mr. Therrien of Brooks stock in March 2000. The complaint sought disgorgement of all profits earned by Mr. Therrien on the transactions, attorneys' fees and other expenses. On February 20, 2007, a second Section 16(b) action, concerning the same loan and stock option exercise in November 1999 discussed above and seeking the same remedy, was filed in the United States District Court of the District of Delaware, captioned *Aron Rosenberg v. Robert J. Therrien and Brooks Automation, Inc.* On April 4, 2007, the court issued an order consolidating the *Levy* and *Rosenberg* actions (the Section 16(b) Action ).

On February 24, 2011, the parties executed a settlement agreement which, upon court approval, would resolve the Section 16(b) Action. Pursuant to this agreement, Mr. Therrien sold 150,000 shares of Brooks stock, the proceeds of which form the settlement fund and totaled approximately \$1.9 million. The plaintiffs agreed to seek a fee not exceeding 30 percent of this settlement fund, the remainder of which would be delivered to the Company following court approval. Notice of the proposed settlement, which described the proposed settlement in further detail, was mailed to shareholders of record as of March 31, 2011.

In connection with the agreement to settle the Section 16(b) Action, the Company reached an agreement with Mr. Therrien and the Company's former Directors and Officers Liability Insurance Carriers (the Global Settlement Agreement ) to resolve (1) Mr. Therrien's civil litigation with the United States Securities and Exchange Commission ( SEC ), (2) any of the Company's advancement or indemnification obligations to Mr. Therrien in connection with that matter, and (3) the Company's claim against these insurance carriers for reimbursement of certain defense costs which the Company paid to Mr. Therrien pursuant to his indemnification agreement with the Company. Pursuant to the Global Settlement Agreement, Mr. Therrien agreed to enter into a settlement with the SEC. If approved by the SEC and the court in that matter, in addition to delivering to the Company the net proceeds of the sale of 150,000 shares of Brooks stock in connection with the Section 16(b) matter, Mr. Therrien would pay the SEC approximately \$728,000 in disgorgement and \$100,000 in fines. To resolve any indemnification claim by Mr. Therrien against the Company in connection with this matter, the Company has agreed to reimburse him \$500,000 towards his disgorgement payment. Finally, upon resolution of both the Section 16(b) matter and the SEC matter, the Company's insurers have agreed to pay Brooks a net sum of approximately \$3.5 million. This payment would resolve any claim the Company may have against its former insurers for certain defense costs paid to Mr. Therrien.



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On May 17, 2011, the court in the Section 16(b) Action held a hearing to determine the fairness of the proposed settlement in that action. Following the hearing, the court approved that settlement, finding that the settlement in the Section 16(b) Action and the Global Settlement Agreement were both in the best interest of the parties and the Company's shareholders. On June 16, 2011, the settlement of the Section 16(b) Action became final and the Company received \$1.3 million in settlement proceeds of which 50% will be paid to the Company's insurance company and the remaining 50% has been recorded as income. On February 1, 2012, the court approved Mr. Therrien's settlement with the SEC. With the case settled, the Company will receive additional net insurance proceeds to reimburse litigation related costs previously incurred of approximately \$3.5 million which will be recorded as a reduction to Selling, General & Administrative costs during the three months ended March 31, 2012.

The Company is subject to various legal proceedings, both asserted and unasserted, that arise in the ordinary course of business. We believe that none of these claims will have a material adverse effect on our consolidated financial condition or results of operations.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

As part of our equity compensation program, we offer recipients of restricted stock awards the opportunity to elect to sell their shares at the time of vesting to satisfy tax obligations in connection with such vesting. The following table provides information concerning shares of our Common Stock \$0.01 par value purchased in connection with the forfeiture of shares to satisfy the employees' obligations with respect to withholding taxes in connection with the vesting of shares of restricted stock during the three months ended December 31, 2011. Upon purchase, these shares are immediately retired.

| Period                | Total<br>Number<br>of Shares<br>Purchased | Average Price Paid<br>per Share | Total Number of<br>Shares<br>Purchased as<br>Part of Publicly<br>Announced Plans<br>or Programs |
|-----------------------|---|---------------------------------|---|
| October 1 - 31, 2011  |   | \$                              |   |
| November 1 - 30, 2011 |   |                                 |   |
| December 1 - 31, 2011 | 20,875                                    | 9.62                            | 20,875  |
| Total                 | 20,875                                    | \$ 9.62                         | 20,875  |

**Item 6. Exhibits**

The following exhibits are included herein:

| Exhibit<br>No. | Description  |
|----------------|--|
| 31.01          | Rule 13a-14(a), 15d-14(a) Certification.   |
| 31.02          | Rule 13a-14(a), 15d-14(a) Certification.   |
| 32             | Section 1350 Certifications.   |
| 101            | The following material from the Company's Quarterly Report on Form 10-Q, for the quarter ended December 31, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Cash Flows; and (iv) the Notes to Consolidated Financial Statements. |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BROOKS AUTOMATION, INC.

DATE: February 9, 2012

/s/ MARTIN S. HEADLEY  
Martin S. Headley  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

DATE: February 9, 2012

/s/ TIMOTHY S. MATHEWS  
Timothy S. Mathews  
Vice President and Corporate Controller  
(Principal Accounting Officer)

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**EXHIBIT INDEX**

| <b>Exhibit No.</b> | <b>Description</b>   |
|--------------------|--|
| 31.01              | Rule 13a-14(a), 15d-14(a) Certification.   |
| 31.02              | Rule 13a-14(a), 15d-14(a) Certification.   |
| 32                 | Section 1350 Certifications.   |
| 101                | The following material from the Company's Quarterly Report on Form 10-Q, for the quarter ended December 31, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Cash Flows; and (iv) the Notes to Consolidated Financial Statements. |