LSI CORP
Form 8-K
April 20, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

April 15, 2011

LSI CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation)	1-10317 (Commission File Number)	94-2712976 (IRS Employer Identification No.)

1621 Barber Lane
Milpitas, California 95035
(Address of principal executive offices, including zip code)

(408) 433-8000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On April 19, 2011, we appointed D. Jeffrey Richardson, age 46, Executive Vice President and Chief Operating Officer. Mr. Richardson had been the leader of our Semiconductor Solutions Group since January 2009. From April 2007 through January 2009, he led our Network and Storage Products Group, which included our Networking, Custom and Storage Interfaces semiconductor businesses. From September 2005 through April 2007, he was the leader of our Custom Solutions Group, and from June 2005 through September 2005, he led our Corporate Strategy function. From 1992 through June 2005, he held a variety of management positions at Intel Corporation, a microprocessor manufacturer.

On March 9, 2011, we announced that we had agreed to sell our external storage business to NetApp, Inc. Philip Bullinger, Executive Vice President and General Manager, Engenio Storage Group, currently leads that business for us. Mr. Bullinger played a key role for us in the events leading up to the signing of the agreement with NetApp. To reward him for his efforts, and to reward him for leading the business through the critical period between signing the agreement and completing the sale, we have agreed to pay him a special bonus of $212,500 following the completion of the sale, if he remains with LSI and if, between April 15, 2011 and the closing of the sale, the external storage systems business continues to meet performance goals set by our Chief Executive Officer.

We expect that Mr. Bullinger will not join NetApp after the sale is completed. We also expect that we will not have a position at LSI for Mr. Bullinger that we and Mr. Bullinger will each find acceptable. Accordingly, on April 15, 2011, we entered into an agreement with him pursuant to which he will leave LSI on May 13, 2011, if the sale has been completed, and he will be eligible for benefits under our Severance Policy for Executive Officers, including a lump sum payment from us of $425,000.

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 hereunto duly authorized.

LSI CORPORATION

By:/s/ Bryon Look
Bryon Look
Executive Vice President, Chief Financial Officer and Chief Administrative Officer

Date: April 20, 2011

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Operating

before

Attributable

operating

Earnings

Revenue

profit1

tax2

Taxation3

profit4

activities5

per share6

$m

$m

$m

$m

$m

$m

¢

2017 Reported

4,765

934

879

(112)

767

1,273

87.8

Acquisition-related costs and profit on disposal

-

(10)

(10)

2

(8)

3

(0.9)

Restructuring and rationalisation costs

-

-

-

-

-

15

-

Amortisation and impairment of acquisition intangibles

-

140

140

(40)

100

-

11.4

Legal and other7

-

(16)

(13)

12

(1)

25

(0.1)

US tax reform

-

-

-

(32)

(32)

-

(3.7)

Capital expenditure

-

-

-

-

-

(376)

-

2017 Adjusted

4,765

1,048

996

(170)

826

940

94.5

	Revenue $m	Operating profit1 $m	Profit before tax2 $m	Taxation3 $m	Attributable profit4 $m	Cash generated from operating activities5 $m	Earnings per share6 ¢
2016 Reported	4,669	801	1,062	(278)	784	1,035	88.1
Acquisition-related costs and profit on disposal	-	9	(317)	120	(197)	24	(22.2)
Restructuring and rationalisation costs	-	62	62	(14)	48	62	5.4
Amortisation and impairment of acquisition intangibles	-	178	178	(59)	119	-	13.4
Legal and other	-	(30)	(20)	1	(19)	36	(2.1)
Capital expenditure	-	-	-	-	-	(392)	-
2016 Adjusted	4,669	1,020	965	(230)	735	765	82.6

1 Represents a reconciliation of operating profit to trading profit.
2 Represents a reconciliation of reported profit before tax to trading profit before tax.
3 Represents a reconciliation of reported tax to trading tax.
4 Represents a reconciliation of reported attributable profit to adjusted attributable profit.
5 Represents a reconciliation of cash generated from operating activities to trading cash flow.
6 Represents a reconciliation of basic earnings per ordinary share to adjusted earnings per ordinary share (EPSA).
7 From 1 January 2017, the ongoing funding of closed defined benefit pension schemes is not included in management's definition of trading cash flow as there is no defined benefit service cost for these schemes.

Acquisitions and disposal related items: For the year to 31 December 2017 the credit relates to a remeasurement of contingent consideration for a prior year acquisition partially offset by costs associated with the acquisition of Rotation Medical, Inc.

For the year to 31 December 2016 these costs relate to the costs associated with the integration of Blue Belt Technologies and other acquisitions. Profit before tax includes a $326 million gain arising on the disposal of the Gynaecology business.

Restructuring and rationalisation costs: For the year to 31 December 2016, these costs relate to the implementation of the Group Optimisation plan that was announced in May 2014 and completed at the end of 2016.

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Amortisation and impairment of acquisition intangibles: For both the years to 31 December 2017 and 31 December 2016 charges relate to the amortisation of intangible assets acquired in material business combinations. The year to 31 December 2017 includes an impairment charge of $10 million (2016: $48 million).

Legal and other: For both the years to 31 December 2017 and 31 December 2016 charges relate primarily to legal expenses for patent litigation with Arthrex and ongoing metal-on-metal hip claims and in the year to 31 December 2017 an increase of $10 million in the provision that reflects the present value of the estimated costs to resolve all other known and anticipated metal-on-metal hip claims. A $54 million credit has been recognised in the year to 31 December 2017 following a settlement payment received from Arthrex relating to patent litigation. The year to 31 December 2016 includes a $44 million curtailment credit on post-retirement benefits in the UK pension scheme.

For the year to 31 December 2017 $44 million of cash funding to closed defined benefit pension schemes is excluded from trading cash flow following the closure of the UK scheme to future accrual in December 2016.

10. Exchange rates

The exchange rates used for the translation of currencies into US Dollars that have the most significant impact on the Group results were:

	31 December 2017	31 December 2016
Average rates		
Sterling	1.29	1.35
Euro	1.13	1.11
Swiss Franc	1.02	1.02
Period-end rates		
Sterling	1.35	1.23
Euro	1.20	1.05
Swiss Franc	1.02	0.98

11. Subsequent events

Subsequent to the year end the Group announced its Accelerating Performance and Execution (“APEX”) programme. This is a five-year effort to make key enhancements to the Group’s business and ways of working in Manufacturing, Warehousing and Distribution, General and Administrative Expenses and Commercial Effectiveness. No provisions have been recorded in respect of the restructuring programme as at 31 December 2017.

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