

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 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): **June 9, 2005**

**NATIONAL SEMICONDUCTOR CORPORATION**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State of Incorporation)

**1-6453**  
(Commission  
File Number)

**95-2095071**  
(I.R.S. Employer  
Identification Number)

**2900 SEMICONDUCTOR DRIVE, P.O. BOX 58090**  
**SANTA CLARA, CALIFORNIA 95052-8090**  
(Address of Principal Executive Offices)

**(408) 721-5000**

(Registrant's telephone number, including area code)

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 communication 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-2b)
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

# NATIONAL SEMICONDUCTOR CORPORATION

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## NATIONAL SEMICONDUCTOR CORPORATION

### Item 2.02 RESULTS OF OPERATION AND FINANCIAL CONDITION

On June 9, 2005, National Semiconductor Corporation issued a news release announcing earnings for the quarter ended May 29, 2005. The earnings news release, which has been attached as Exhibit 99.1, contains unaudited Condensed Consolidated Statements of Operations, Balance Sheets, and Statements of Cash Flows that are presented in accordance with United States generally accepted accounting principles, or GAAP.

### Item 8.01 OTHER EVENTS

The Company also announced in its news release that it will pay a dividend of 2 cents per share on July 11 to shareholders of record on June 20, 2005.

The information in Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

### Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

#### (c) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	News release dated June 9, 2005 issued by National Semiconductor Corporation* (Earnings)

\*This exhibit is intended to be furnished and shall not be deemed "filed" for purposes of the Securities Exchange Act of 1934, as amended.

**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.

NATIONAL SEMICONDUCTOR CORPORATION

//S// Robert E. DeBarr

Dated: June 9, 2005

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Robert E. DeBarr  
Controller  
Signing on behalf of the registrant and  
as principal accounting officer



National Semiconductor  
2900 Semiconductor Drive  
PO Box 58090  
Santa Clara, CA 95052

408 721 5000  
[www.national.com](http://www.national.com)

# NEWS RELEASE

## For More Information Contact

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## National Semiconductor Reports 4% Sequential Revenue Increase, 54.7% Gross Margin and \$132.1 Million Profit for 4<sup>th</sup> Quarter Fiscal 2005

- Q4 revenues were \$467 million, compared to \$449 million in Q3 and \$571 million a year ago
- Gross margin rose 2 percentage -points sequentially in fourth quarter
- Q4 GAAP earnings are 36 cents per share vs. 21 cents in Q3 and 24 cents a year ago
- Commitment to analog market drives gains in gross margin
- Company announced sale of PC Super I/O and cordless business units in Q4
- Revenue outlook for Q1 of fiscal 2006 is flat to down 2 percent from Q4

**SANTA CLARA, CALIF., June 9, 2005** - National Semiconductor Corporation (NYSE:NSM) today reported a GAAP net income of \$132.1 million, or 36 cents per share, on revenues of \$467 million for the fourth quarter of fiscal 2005, which ended May 29, 2005.

On a sequential basis, National's Q4 revenues rose 4 percent from the third quarter, when the company reported \$449 million in revenues and earnings of 21 cents per share. Year-to-year, National's fourth quarter sales declined 18 percent from the fourth quarter of fiscal 2004, when the Company reported sales of \$571.2 million, net income of \$94.2 million and earnings of 24 cents per share.

Fourth quarter gross margin rose 2 percentage points to 54.7 percent driven by increased sales of analog products. This compares to 52.7 percent gross margin reported in Q3 and 50.6 percent gross margin reported in Q2. In the year-ago quarter, National posted 54.4 percent

gross margin on revenues that were more than \$100 million higher than the just -completed fourth quarter.

“Our focus on higher-value analog products and improved gross margin is relentless,” said Brian L. Halla, National’s chairman and CEO. “Regardless of the market environment, we’ve significantly strengthened the company’s core analog business and generated 20 -plus percent return on invested capital for the second year in a row.”

National’s fourth quarter 2005 net results included several notable financial items, including an \$86.1 million write-off of goodwill in connection with our annual goodwill assessment; a \$51.1 million gain from the sale of National’s PC Super /IO business; and a \$2.6 million charge for cost reduction actions; all of these on a pre-tax basis. In addition, the company’s income tax provision was a net tax benefit of \$55.9 million, primarily related to deferred tax assets. A year ago, National’s fourth quarter net income included a \$30 million pre-tax special charge for a litigation issue.

#### **Bookings Increased Sequentially in Q4**

National’s Q4 worldwide bookings increased 12 percent sequentially from Q3. Year -to-year, bookings declined 29 percent from Q4 of fiscal 2004.

Regionally, bookings increased sequentially in North America, Asia Pacific and Japan. Weekly booking rates increased month -to-month throughout the quarter. Bookings from major distributors also improved.

Bookings for National’s standard linear analog products rose 19 percent from Q3. New order rates for power management, interface and data converter products were substantially higher than the company average. Total company billings exceeded bookings in Q4.

#### **Outlook for Q1, Fiscal 2006**

During the fourth quarter, National Semiconductor announced the sale of its PC Super I/O and cordless business units. These business dispositions will impact revenues in the first quarter of fiscal 2006. Overall, the Company anticipates first quarter revenues will be flat to down 2 percent from fourth quarter levels. The gross margin for Q1 is anticipated to be similar to Q4.

## National to Pay Dividend July 11, 2005

In addition to announcing earnings for Q4, National today also declared a cash dividend of 2 cents per outstanding share of common stock. The dividend is payable July 11, 2005 to stockholders of record at the close of business on June 20, 2005.

## Summary of Fiscal 2005

For fiscal 2005, National reported a GAAP net income of \$417.2 million, compared to the \$282.8 million profit for fiscal 2004. Earnings per share were \$1.12 for fiscal 2005 compared to 73 cents for fiscal 2004. Fiscal 2005 revenues were \$1.91 billion compared to \$1.98 billion for fiscal 2004. The Company's profitability was driven by its continued improvement in gross margin, which was 53.4 percent for fiscal 2005 vs. 51 percent in fiscal 2004.

"We ended the year with over a billion dollars in cash reserves, a 21 percent return on invested capital and a stronger analog portfolio," Halla said. "Our goal in fiscal 2006 is to drive gross margins even higher."

## Special Note

This release contains forward-looking statements dependent on a number of risks and uncertainties pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These factors include, but are not restricted to, new orders received and shipped during the quarter, the degree of factory utilization, the sale of inventories at existing prices, and the ramp up and sale of new analog products. Other risk factors are included in the Company's 10-K for the year ended May 30, 2004 (see Outlook and Risk Factors sections of Management's Discussion and Analysis of Financial Conditions and Results of Operations) and the 10-Q for the quarter ended February 27, 2005.

## Summary of Results

	<u>For the 3 months ended</u>		<u>For the 12 months ended</u>	
	<u>May 29, 2005</u>	<u>May 30, 2004</u>	<u>May 29, 2005</u>	<u>May 30, 2004</u>
Net sales	\$467.0 million	\$571.2 million	\$1,913.1 million	\$1,983.1 million
Net income	\$132.1 million	\$ 94.2 million	\$ 417.2 million	\$ 282.8 million
Earnings per diluted share	\$0.36	\$0.24	\$1.12	\$0.73

## **About National Semiconductor**

National Semiconductor, the industry's premier analog company, creates high performance analog devices and subsystems. National's leading-edge products include power management circuits, display drivers, audio and operational amplifiers, communication interface products and data conversion solutions. National's key analog markets include wireless handsets, displays and a variety of broad electronics markets, including medical, automotive, industrial, and test and measurement applications. Headquartered in Santa Clara, California, National reported sales of \$1.91 billion for fiscal 2005, which ended May 29, 2005. Additional company and product information is available at [www.national.com](http://www.national.com).

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**NATIONAL SEMICONDUCTOR CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**  
(in millions, except per share amounts)

	Three Months Ended		Twelve Months Ended	
	May 29, 2005	May 30, 2004	May 29, 2005	May 30, 2004
Net sales	\$ 467.0	\$ 571.2	\$1,913.1	\$1,983.1
Operating costs and expenses:				
Cost of sales	211.4	260.4	892.3	970.8
Research and development	84.5	92.1	333.0	357.1
Selling, general and administrative	62.7	73.3	256.5	283.4
Goodwill impairment	86.1	-	86.1	-
Sale of businesses	(51.1)	-	(59.9)	-
Cost reduction and restructuring charges	2.6	2.9	23.9	19.6
Other operating (income)/expense, net	(1.6)	30.0	(21.3)	22.0
Total operating costs and expenses	394.6	458.7	1,510.6	1,652.9
Operating income	72.4	112.5	402.5	330.2
Interest income, net	5.5	2.7	15.9	10.4
Other non-operating expense, net	(1.7)	(0.5)	(5.5)	(6.9)
Income before taxes and cumulative effect of a change in accounting principle	76.2	114.7	412.9	333.7
Income tax (benefit)/expense	(55.9)	20.5	(4.3)	49.0
Income before cumulative effect of a change in accounting principle	132.1	94.2	417.2	284.7
Cumulative effect of a change in accounting principle including tax effect of \$0.2 million	-	-	-	(1.9)
Net income	\$ 132.1	\$ 94.2	\$ 417.2	\$ 282.8
Earnings per share:				
Income before cumulative effect of a change in accounting principle:				
Basic	\$ 0.38	\$ 0.26	\$ 1.18	\$ 0.79
Diluted	\$ 0.36	\$ 0.24	\$ 1.12	\$ 0.73
Net income:				
Basic	\$ 0.38	\$ 0.26	\$ 1.18	\$ 0.78
Diluted	\$ 0.36	\$ 0.24	\$ 1.12	\$ 0.73
Selected income statement ratios as a percentage of sales:				
Gross margin	54.7%	54.4%	53.4%	51.0%
Research and development	18.1%	16.1%	17.4%	18.0%
Selling, general and administrative	13.4%	12.8%	13.4%	14.3%
Net income	28.3%	16.5%	21.8%	14.3%
Effective tax rate	N/A	17.9%	N/A	14.7%

**NATIONAL SEMICONDUCTOR CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)**  
(in millions)

	May 29, 2005	May 30, 2004
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 867.1	\$ 642.9
Short-term marketable investments	155.1	139.3
Receivables	123.9	198.9
Inventories	170.2	200.1
Deferred tax assets	99.3	8.0
Other current assets	25.2	56.6
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Total current assets	1,440.8	1,245.8
Net property, plant and equipment	605.1	699.6
Goodwill	87.2	173.3
Deferred tax assets	217.6	73.3
Other assets	106.2	88.4
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Total assets	<u>\$2,456.9</u>	<u>\$2,280.4</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ -	\$ 22.1
Accounts payable	64.7	141.0
Accrued expenses	140.6	234.8
Income taxes	26.2	63.4
	<hr/>	<hr/>
Total current liabilities	231.5	461.3
Long-term debt	23.0	-
Other noncurrent liabilities	151.2	138.6
	<hr/>	<hr/>
Total liabilities	405.7	599.9
Commitments and contingencies		
Shareholders' equity:		
Common stock	174.0	178.8
Additional paid-in capital	1,017.1	1,030.1
Retained earnings	963.1	560.0
Accumulated other comprehensive loss	(103.0)	(88.4)
	<hr/>	<hr/>
Total shareholders' equity	2,051.2	1,680.5
Total liabilities and shareholders' equity	<u>\$2,456.9</u>	<u>\$2,280.4</u>

**NATIONAL SEMICONDUCTOR CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
(in millions)

	Twelve Months Ended	
	May 29, 2005	May 30, 2004
Cash flows from operating activities:		
Net income	\$ 417.2	\$ 282.8
Adjustments to reconcile net income with net cash provided by operating activities:		
Cumulative effect of a change in accounting principle	-	1.9
Impairment of goodwill	86.1	-
Depreciation, amortization and accretion	194.4	209.9
Gain on investments	(0.7)	(7.0)
Share in net losses of equity-method investments	5.7	14.1
Loss on disposal of equipment	1.1	6.2
Gain on sale of businesses	(59.9)	-
Tax benefit associated with stock options	184.5	22.2
Noncash other operating (income)/expense, net	(11.1)	1.2
Other, net	2.4	3.6
Changes in certain assets and liabilities, net:		
Receivables	76.7	(50.4)
Inventories	29.8	(62.5)
Other current assets	26.4	(31.6)
Accounts payable and accrued expenses	(147.4)	78.7
Income taxes	(269.2)	13.6
Other noncurrent liabilities	(7.4)	(5.0)
Net cash provided by operating activities	<u>528.6</u>	<u>477.7</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(96.6)	(215.3)
Sale of businesses	71.5	-
Sale and maturity of available-for-sale securities	-	359.0
Purchase of available-for-sale securities	(16.8)	(386.7)
Sale of investments	0.7	12.1
Investment in nonpublicly traded companies	(0.3)	(1.8)
Funding of benefit plan	(6.9)	(4.6)
Security deposits on leased equipment	(21.8)	(20.1)
Other, net	0.2	5.2
Net cash used by investing activities	<u>(70.0)</u>	<u>(252.2)</u>
Cash flows from financing activities:		
Repayment of debt	-	(2.1)
Payment on software license obligations	(15.2)	(22.7)
Issuance of common stock	118.4	211.9
Net advances to acquire treasury stock	-	(29.4)
Purchase and retirement of treasury stock	(323.5)	(542.5)
Cash dividends declared and paid	(14.1)	-
Net cash used by financing activities	<u>(234.4)</u>	<u>(384.8)</u>
Net change in cash and cash equivalents	224.2	(159.3)
Cash and cash equivalents at beginning of year	<u>642.9</u>	<u>802.2</u>
Cash and cash equivalents at end of year	<u>\$ 867.1</u>	<u>\$ 642.9</u>

**PART I. FINANCIAL INFORMATION**  
**EARNINGS PER SHARE (Unaudited)**  
(in millions, except per share amounts)

	Three Months Ended		Twelve Months Ended	
	May 29, 2005	May 30, 2004	May 29, 2005	May 30, 2004
Earnings per share:				
Basic	\$ 0.38	\$ 0.26	\$ 1.18	\$ 0.78
Diluted	\$ 0.36	\$ 0.24	\$ 1.12	\$ 0.73
Net income used in basic and diluted earnings per share calculation	\$132.1	\$ 94.2	\$417.2	\$282.8
Weighted-average shares:				
Basic	349.2	357.3	353.9	361.0
Diluted	365.8	389.6	373.9	388.5
	Three Months Ended		Twelve Months Ended	
	May 29, 2005	May 30, 2004	May 29, 2005	May 30, 2004
<u>Other operating (income)/expense, net</u>				
Litigation	\$ (0.4)	\$ 30.0	\$ (10.4)	\$ 30.0
Manufacturer's Investment Credit refund	-	-	(7.4)	-
Net intellectual property income	(1.2)	(2.4)	(5.2)	(11.1)
Intellectual property settlements	-	2.4	1.7	3.1
Total other operating (income)/expense, net	<u>\$ (1.6)</u>	<u>\$ 30.0</u>	<u>\$ (21.3)</u>	<u>\$ 22.0</u>
<u>Interest income, net</u>				
Interest income	\$ 5.8	\$ 3.1	\$ 17.4	\$ 11.6
Interest expense	(0.3)	(0.4)	(1.5)	(1.2)
Interest income, net	<u>\$ 5.5</u>	<u>\$ 2.7</u>	<u>\$ 15.9</u>	<u>\$ 10.4</u>
<u>Other non-operating expense, net</u>				
Gain on investments	\$ -	\$ 2.8	\$ 0.7	\$ 7.0
Share in net losses of equity-method Investments	(1.7)	(3.3)	(5.7)	(14.1)
Other	-	-	(0.5)	0.2
Total other non-operating expense, net	<u>\$ (1.7)</u>	<u>\$ (0.5)</u>	<u>\$ (5.5)</u>	<u>\$ (6.9)</u>