

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

BROOKS AUTOMATION INC
Form 10-Q/A
April 04, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
Amendment No. 1 to 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, 2001

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)

Delaware -----	04-3040660 -----
(State or other jurisdiction of incorporation or organization)	(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 the number of shares outstanding of each of the registrant's classes of
common stock, as of the latest practical date (December 31, 2001):

Common stock, \$0.01 par value	19,952,621 shares
--------------------------------	-------------------

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

BROOKS AUTOMATION, INC.

INDEX

	PAGE NUMBER	

PART I.	FINANCIAL INFORMATION	
Item 1.	Consolidated Financial Statements	
	Consolidated Balance Sheets as of December 31, 2001 (unaudited) and September 30, 2001	3
	Consolidated Statements of Operations for the three months ended December 31, 2001 and 2000 (unaudited)	4
	Consolidated Statements of Cash Flows for the three months ended December 31, 2001 and 2000 (unaudited)	5
	Notes to Consolidated Financial Statements (unaudited)	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	39
PART II.	OTHER INFORMATION	
Item 6.	Exhibits and Reports on Form 8-K	40
Signatures		41

2

BROOKS AUTOMATION, INC.
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2001	SE
	-----	---
	(UNAUDITED)	
	(IN THOUSANDS, EXC	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 130,151	\$
Marketable securities	40,013	
Accounts receivable, net, including related party receivables of \$54 and \$32, respectively	85,937	
Inventories	54,450	
Prepaid expenses and other current assets	12,460	
Deferred income taxes	25,679	

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

Total current assets	348,690	
Property, plant and equipment		
Buildings and land	31,910	
Computer equipment and software	38,593	
Machinery and equipment	17,552	
Furniture and fixtures	11,391	
Leasehold improvements	11,062	
Construction in progress	14,508	
	125,016	
Less: Accumulated depreciation and amortization	(55,528)	
	69,488	
Long-term marketable securities	132,474	
Goodwill	86,665	
Intangible assets, net	55,760	
Deferred income taxes	21,167	
Other assets	16,156	
Total assets	\$ 730,400	\$
	=====	=====
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes payable	\$ 19,249	\$
Current portion of long-term debt	79	
Accounts payable	15,018	
Deferred revenue	13,411	
Accrued compensation and benefits	16,036	
Accrued acquisition-related and restructuring costs	2,530	
Accrued income taxes payable	8,006	
Deferred income taxes	514	
Accrued expenses and other current liabilities	28,540	
Total current liabilities	103,383	
Long-term debt	175,564	
Deferred income taxes	5,536	
Accrued long-term restructuring	1,426	
Other long-term liabilities	772	
Total liabilities	286,681	
Commitments and contingencies (Note 10)		
Minority interests	705	
Stockholders' equity		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none issued and outstanding	--	
Common stock, \$0.01 par value, 43,000,000 shares authorized, 19,952,621 and 18,903,165 shares issued and outstanding, respectively	200	
Additional paid-in capital	503,853	
Deferred compensation	(1,618)	
Accumulated other comprehensive loss	(6,267)	
Accumulated deficit	(53,154)	

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

Total stockholders' equity	443,014	-----
Total liabilities, minority interests and stockholders' equity	\$ 730,400	=====

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

3

BROOKS AUTOMATION, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED DECEMBER 31,	
	2001	2000
	-----	-----
	(IN THOUSANDS, EXCEPT PER SH	
REVENUES		
Product, including related party revenues of \$48 and \$10,859, respectively	\$ 42,718	\$ 91
Services	18,737	19
	-----	-----
Total revenues	61,455	111
	-----	-----
Cost of revenues		
Product	24,407	47
Services	12,934	13
	-----	-----
Total cost of revenues	37,341	60
	-----	-----
Gross profit	24,114	50
	-----	-----
Operating expenses		
Research and development	14,134	13
Selling, general and administrative	18,905	23
Amortization of acquired intangible assets	3,633	5
Acquisition-related and restructuring charges	100	
	-----	-----
Total operating expenses	36,772	43
	-----	-----
Income (loss) from operations	(12,658)	7
Interest income	2,844	3
Interest expense	2,598	
Other income (expense), net	553	
	-----	-----
Income (loss) before income taxes and minority interests	(11,859)	10
Income tax provision (benefit)	(4,068)	5

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

	-----	-----
Income (loss) before minority interests	(7,791)	5
Minority interests in income (loss) of consolidated subsidiaries	(57)	
	-----	-----
Net income (loss)	(7,734)	5
Accretion and dividends on preferred stock	--	
	-----	-----
Net income (loss) attributable to common stockholders	\$ (7,734)	\$ 5
	=====	=====
Earnings (loss) per share		
Basic	\$ (0.39)	\$
Diluted	\$ (0.39)	\$
Shares used in computing earnings (loss) per share		
Basic	19,886	17
Diluted	19,886	18

- (1) Restated to reflect the acquisition of Progressive Technologies, Inc., in a pooling of interests transaction effective July 12, 2001.

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

4

BROOKS AUTOMATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED
	DECEMBER 31, 2001

	(IN THOUSANDS)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	\$ (7,734)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	7,486
Compensation expense related to common stock options	368
Provision for losses on accounts receivable	145
Provision for excess and obsolete inventories	482
Deferred income taxes	(1,581)
Amortization of debt discount	211
Minority interests	(57)
Loss on disposal of long-lived assets	40
Changes in operating assets and liabilities:	
Accounts receivable	15,409
Inventories	3,411

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

Prepaid expenses and other current assets	1,190
Accounts payable	(6,914)
Deferred revenue	(2,062)
Accrued compensation and benefits	3,031
Accrued acquisition-related and restructuring costs	(1,305)
Accrued expenses and other current liabilities	(10,504)

Net cash provided by (used in) operating activities	1,616

CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of fixed assets	(4,485)
Acquisition of businesses, net of cash acquired	(26,836)
Purchases of marketable securities	(13,189)
Sale/maturity of marketable securities	10,182
(Increase) decrease in other assets	3,004

Net cash used in investing activities	(31,324)

CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of long-term debt and capital lease obligations	(443)
Proceeds from issuance of common stock, net of issuance costs	572

Net cash provided by financing activities	129

Elimination of net cash activities on pooling of interest transaction	--

Effects of exchange rate changes on cash and cash equivalents	(509)

Net decrease in cash and cash equivalents	(30,088)
Cash and cash equivalents, beginning of period	160,239

Cash and cash equivalents, end of period	\$ 130,151
	=====

(1) Restated to reflect the acquisition of Progressive Technologies, Inc., in a pooling of interests transaction effective July 12, 2001.

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

5

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. In

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

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.

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 for the year ended September 30, 2001.

On December 15, 2001, the Company acquired Fab Air Control ("Fab Air"), a Massachusetts company that develops exhaust control and airflow management systems for the semiconductor industry. On December 13, 2001, the Company acquired the Automation Systems Group of Zygo Corporation ("Zygo Group"). The Zygo Group, located in Florida, is a manufacturer of reticle automation systems, including reticle sorters, reticle macro inspection systems and reticle handling solutions for the semiconductor industry. On October 9, 2001, the Company acquired 90% of the capital stock of Tec-Sem A.G., a Swiss company ("Tec-Sem"). Tec-Sem is a leading manufacturer of bare reticle stockers, tool buffers and batch transfer systems for the semiconductor industry. On October 5, 2001, the Company acquired substantially all of the assets of General Precision, Inc. ("GPI"). GPI, located in Valencia, California, is a leading supplier of high-end environmental solutions for the semiconductor industry. These transactions were recorded using the purchase method of accounting in accordance with Financial Accounting Standards Board Statement No. 141, "Business Combinations" ("FAS 141"). Accordingly, the Company's Consolidated Statements of Operations and of Cash Flows for the three months ended December 31, 2001, include the results of these acquired entities for the periods subsequent to their respective acquisitions.

On July 12, 2001, the Company acquired Progressive Technologies, Inc. ("PTI") in a transaction accounted for as a pooling of interests initiated prior to June 30, 2001. Accordingly, the Company's consolidated financial statements and notes thereto have been restated to include the financial position and results of operations of PTI for all periods prior to the acquisition. Prior to its acquisition by the Company, PTI's fiscal year-end was December 31.

The Company made several acquisitions during fiscal year 2001 which were accounted for using the purchase method of accounting in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations" ("APB 16"): KLA-Tencor, Inc.'s e-Diagnostics product line infrastructure ("e-Diagnostics") on June 26, 2001; CCS Technology, Inc. ("CCST") on June 25, 2001, SimCon N.V. ("SimCon") on May 15, 2001; SEMY Engineering, Inc. ("SEMY") on February 16, 2001 and substantially all of the assets of a software and service distributor in Japan ("ASI-Japan"). The Company's Consolidated Statements of Operations and of Cash Flows include the results of these entities for the periods subsequent to their respective acquisitions.

Certain amounts in previously issued financial statements have been reclassified to conform to current presentation.

6

BROOKS AUTOMATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

On October 23, 2001, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire PRI Automation, Inc. ("PRI").

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

Pursuant to the Merger Agreement and subject to the terms and conditions contained therein, holders of each share of PRI common stock will receive 0.52 shares of the Company's common stock.

The merger, which is expected to close in late March or April of 2002, is contingent upon the fulfillment of certain conditions as provided in the Merger Agreement including, but not limited to, all required regulatory approvals, the approval of the merger by the stockholders of PRI and the approval of the issuance of the Company's common stock in the merger by the stockholders of the Company.

PRI supplies advanced factory automation systems, software, and services that optimize the productivity of semiconductor and precision electronics manufacturers, as well as OEM process tool manufacturers.

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141") and No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). FAS 141 requires that all business combinations be accounted for under the purchase method only and that certain acquired intangible assets in a business combination be recognized as assets apart from goodwill. FAS 142 requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill be amortized over their useful lives. FAS 141 is effective for all business combinations initiated after June 30, 2001 and for all business combinations accounted for by the purchase method for which the date of acquisition is before June 30, 2001. The provisions of FAS 142 will be effective for fiscal years beginning after December 15, 2001; however, the Company elected to early adopt the provisions effective October 1, 2001. The Company will perform an annual impairment test of goodwill, required under FAS 142, as at the end of each fiscal year.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"). The objectives of FAS 144 are to address significant issues relating to the implementation of FASB Statement No. 121 ("Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("FAS 121")) and to develop a single accounting model, based on the framework established in FAS 121, for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. FAS 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001, and generally, its provisions are to be applied prospectively. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to product returns, bad debts, inventories, intangible assets, income taxes, warranty obligations, excess component order cancellation costs, restructuring and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

The Company has made a number of acquisitions and identified significant intangible assets and goodwill. Intangible assets are amortized over their estimated useful life and goodwill is subject to annual impairment testing. The carrying value and realization of these assets is dependent upon estimates of future earnings and benefits that the Company expects to generate. If the Company's expectations of future results are significantly diminished, intangible assets and goodwill may be impaired and the resulting charge to operations may be material.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The Company provides for the estimated cost of product warranties at the time revenue is recognized. While the Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers, the Company's warranty obligation is affected by product failure rates and material usage and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from the Company's estimates, revisions to the estimated warranty liability would be required.

The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. While the Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event the Company were to determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

2. BUSINESS ACQUISITIONS

POOLING OF INTERESTS TRANSACTION

On July 12, 2001, the Company acquired PTI in exchange for 715,004 shares of the Company's common stock. The acquisition has been accounted for as a pooling of interests. PTI is engaged in the development, production and distribution of airflow regulation systems for clean room and process equipment in the semiconductor industry.

The accompanying consolidated financial statements and notes thereto for the three months ended December 31, 2000 have been restated to include the

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

financial position and results of operations for PTI.

7

BROOKS AUTOMATION, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

The results of operations previously reported by the separate companies prior to the acquisition of PTI and the combined amounts presented in the accompanying Consolidated Statements of Operations are as follows (in thousands):

	Three months ended December 31, 2000 -----
Revenues	
Brooks Automation, Inc.	\$107,578
Progressive Technologies, Inc.	3,813

	\$111,391
	=====
Net income	
Brooks Automation, Inc.	\$ 4,979
Progressive Technologies, Inc.	536

	\$ 5,515
	=====

PURCHASE TRANSACTIONS

Fab Air

On December 15, 2001, the Company acquired Fab Air, a Massachusetts company that develops exhaust control and airflow management systems for the semiconductor industry. In consideration, the Company paid \$1.1 million of cash and incurred \$0.3 million of transaction costs. The transaction was accounted for as a purchase of assets in accordance with FAS 141. The excess of purchase price over fair value of net tangible assets acquired of \$1.4 million has been recorded as completed technology, with an estimated useful life of three years, and will be amortized using the straight-line method. Pro forma results of operations are not presented as the amounts are not material compared to the Company's historical results.

Zygo Group

On December 13, 2001, the Company acquired the Zygo Group, located in Florida. The Zygo Group is a manufacturer of reticle automation systems, including reticle sorters, reticle macro inspection systems, and reticle handling solutions for the semiconductor industry. In consideration, the Company paid \$11.4 million of cash. The transaction was accounted for as a purchase of assets in accordance with FAS 141.

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

A portion of the excess of purchase price over fair value of net assets acquired was allocated on a preliminary basis to identifiable intangible assets, each of which the Company estimates to have a useful life of three years. Accordingly, the Company is amortizing these intangible assets over three years, using the straight-line method. The balance of the excess purchase price was recorded as goodwill. In accordance with FAS 142, the Company will not amortize the goodwill, but will instead test for impairment at least annually. Finalization of the allocation of excess of purchase price over the fair value of net assets acquired to identifiable intangible assets and goodwill will be made after completion of the analysis of their fair values, which the Company expects to occur in the second quarter of fiscal 2002. The Company believes it has sufficient information to finalize the purchase price allocation but requires additional time to complete the analysis. A change in the allocation between the acquired identifiable intangible assets and goodwill of \$1,000,000 would result in a change in annual amortization expense of approximately \$333,000. An increase in the weighted average useful life of the acquired identifiable intangible assets from three years to four years would result in a decrease in annual amortization expense of approximately \$335,000. A decrease in the weighted average useful life of the acquired identifiable intangible assets from three years to two years would result in an increase in annual amortization expense of approximately \$669,000. Pro forma results of operations are not presented as the amounts are not

8

BROOKS AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

material compared to the Company's historical results. A summary of the transaction is as follows (in thousands):

Consideration:	
Cash	\$11,413
Transaction costs	160

Total consideration	11,573
Fair value of net tangible assets acquired	3,541

Preliminary excess of fair value over net tangible assets acquired	8,032
Preliminary allocation of excess purchase price to identifiable intangible assets:	
Completed technology	3,574
Trademarks and trade names	241
Non-competition agreements	201

	4,016

Preliminary allocation of excess purchase price to goodwill	\$ 4,016
	=====

Tec-Sem

On October 9, 2001, the Company acquired Tec-Sem, a leading manufacturer of bare reticle stockers, tool buffers and batch transfer systems for the

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

semiconductor industry. In consideration, the Company paid \$12.9 million of cash and issued 131,750 shares of Brooks common stock with a market value of \$4.3 million at the time of issuance, subject to post-closing adjustments, which the Company expects to complete in accordance with the procedures defined in the terms of the acquisition agreement. The acquisition agreement establishes a procedure for post-closing adjustments in which the net assets of Tec-Sem are determined at a point in time prior to the closing and compared with the net assets at closing. To the extent that there is a decrease in the net value of the assets, the purchase price will be reduced on a dollar for dollar basis. The parties are in the process of completing this analysis, which is scheduled for completion under the acquisition agreement within 60 days of the closing of the transaction. The Company also granted 25,000 shares of fully issued common stock with a market value of \$0.8 million at the time of issuance, to certain key non-owner employees of Tec-Sem, which were accounted for as additional purchase price, since the issuance of the shares is not related to any continuing employee obligations to the Company. The fair value of the shares issued was determined utilizing the average closing price of the Company's common stock over a period of two days before and the day of the acquisition.

A portion of the excess of purchase price over fair value of net tangible assets acquired was allocated on a preliminary basis to identifiable intangible assets, each of which the Company estimates will have a useful life of three years. Accordingly, the Company is amortizing these intangible assets over three years, using the straight-line method. The balance of the excess was recorded as goodwill. In accordance with FAS 142, the Company will not amortize the goodwill, but will instead test for impairment at least annually. Finalization of the allocation of excess of purchase price over the fair value of net liabilities assumed to identifiable intangible assets and goodwill will be made after completion of the analysis of their fair values. Pro forma results of operations are not presented as the amounts are not material compared to the Company's historical results. A summary of the transaction is as follows (in thousands):

Consideration:	
Cash, net of cash acquired of \$223	\$12,677
Common stock	5,077
Transaction costs	257

Total consideration	18,011
Fair value of net tangible assets acquired	257

Preliminary excess of fair value over net liabilities assumed	17,754
Preliminary allocation of excess purchase price to identifiable intangible assets:	
Completed technology	7,901
Trademarks and trade names	533
Non-competition agreements	443

	8,877
	=====
Preliminary allocation of excess purchase price to	

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

goodwill	\$ 8,877 =====
----------	-------------------

9

BROOKS AUTOMATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

GPI

On October 5, 2001, the Company acquired substantially all of the assets of GPI in exchange for 850,000 shares of Brooks common stock, with a market value of \$26.2 million at the time of issuance, subject to post-closing adjustments, and \$0.2 million of cash. The Company expects to complete any post-closing adjustments in accordance with the procedures defined in the terms of the acquisition agreement. The acquisition agreement establishes a procedure for post-closing adjustments in which the net assets of GPI are determined at a point in time prior to the closing and compared with the net assets at closing. To the extent that there is a decrease in the net value of the assets, the purchase price will be reduced on a dollar for dollar basis. The parties are in the process of completing this analysis, which is scheduled for completion under the acquisition agreement within 134 days of the closing of the transaction. GPI, located in Valencia, California, is a leading supplier of high-end environmental solutions for the semiconductor industry. The fair value of the shares issued was determined utilizing the average closing price of the Company's common stock over a period of two days before and the day of the acquisition.

A portion of the excess of purchase price over fair value of net assets acquired was allocated on a preliminary basis to identifiable intangible assets, each of which the Company estimates will have a useful life of three years. Accordingly, the Company is amortizing these intangible assets over three years, using the straight-line method. The balance of the excess was recorded as goodwill. In accordance with FAS 142, the Company will not amortize the goodwill, but will instead test for impairment at least annually. Finalization of the allocation of the excess of purchase price over fair value of net assets acquired to identifiable intangible assets and goodwill will be made upon completion of the analysis of their fair values. A summary of the transaction is as follows (in thousands):

Consideration:	
Common stock	\$26,222
Cash	177
Transaction costs	674

Total consideration	27,073
Fair value of net tangible assets acquired	5,887

Preliminary excess of fair value over net tangible assets acquired	21,186

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

Preliminary allocation of excess purchase price to identifiable intangible assets:	
Completed technology	9,662
Trademarks and trade names	651
Non-competition agreements	543

	10,856

Preliminary allocation of excess purchase price to goodwill	\$10,330
	=====

On February 16, 2001, the Company acquired SEMY, a wholly owned subsidiary of Semitool, Inc. The following pro forma results of operations for the three months ended December 31, 2000 have been prepared as though the acquisitions of GPI and SEMY had occurred as of October 1, 2000. No pro forma adjustments were required to the results of operations for the three months ended December 31, 2001, as the results of operations for GPI for the five days from October 1, 2001 through October 5, 2001 are not material to the Company's results of operations; they are provided below for comparative purposes only. This pro forma financial information does not purport to be indicative of the results of operations that would have been attained had the acquisitions been made as of that date or of results of operations that may occur in the future (in thousands except per share data):

	Three months ended December 31,	
	2001	2000
	-----	-----
Revenues	\$ 61,455	\$122,626
Net income (loss)	\$ (7,734)	\$ 4,842
Earnings (loss) per share (diluted)	\$ (0.39)	\$ 0.25

10

BROOKS AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

3. GOODWILL AND INTANGIBLE ASSETS

The Company has elected to early adopt the provisions of FAS 142 effective October 1, 2001. Accordingly, the Company ceased the ratable amortization of goodwill on that date. The Company recorded amortization expense of \$3.7 million and \$6.0 million for its amortizable intangible assets for the three months ended December 31, 2001 and 2000, respectively. Estimated future amortization expense on the intangible assets recorded by the Company as of December 31, 2001 is as follows (in thousands):

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

Year ended September 30,	
2002	\$ 16,200
2003	\$ 16,100
2004	\$ 15,000
2005	\$ 6,100
2006	\$ 2,360

The amortization of goodwill excluded from the Company's results of operations for the three months ended December 31, 2001 as a result of the adoption of FAS 142 totaled \$7.7 million.

The changes in the carrying amount of goodwill for the quarter ended December 31, 2001 are as follows (in thousands):

	Tool Automation Systems -----	Factory Interface Solutions -----
Balance at September 30, 2001	\$ 4,751	\$ 24,138
Adjustments to goodwill:		
Reclassify assembled workforces to goodwill in accordance with FAS 141	450	1,059
Acquisitions in the three months ended December 31, 2001	--	23,223
Purchase accounting adjustments on prior period acquisitions	(24)	(3,136)
Foreign currency translation	(67)	(5)
	-----	-----
Balance at December 31, 2001	\$ 5,110 =====	\$ 45,279 =====

Purchase accounting adjustments are comprised of \$2.0 million reclassified to deferred compensation with respect to stock awards granted to e-Diagnostics employees at the time of acquisition and other individually insignificant purchase accounting adjustments aggregating \$1.1 million.

The information below gives effect to the adoption of FAS 142 as if the provisions had been adopted as of October 1, 2000. The results for the three months ended December 31, 2001 are presented for comparative purposes only, as the effect of the adoption of FAS 142 is reflected in the Company's actual results of operations for that period (in thousands, except per share data):

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

BROOKS AUTOMATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

	Three months ended December 31,	
	2001	2000
Net income (loss) attributable to common stockholders	\$ (7,734)	\$ 5,487
Add back goodwill and assembled workforces amortization	--	4,877
Adjusted net income (loss)	<u>\$ (7,734)</u>	<u>\$ 10,364</u>
Basic earnings (loss) per share		
Reported earnings (loss) per share	\$ (0.39)	\$ 0.39
Goodwill and assembled workforces amortization	--	0.20
Adjusted basic earnings (loss) per share	<u>\$ (0.39)</u>	<u>\$ 0.59</u>
Diluted earnings (loss) per share		
Reported earnings (loss) per share	\$ (0.39)	\$ 0.39
Goodwill and assembled workforces amortization	--	0.20
Adjusted diluted earnings (loss) per share	<u>\$ (0.39)</u>	<u>\$ 0.59</u>

Components of the Company's identifiable intangible assets, including preliminary allocation of the identifiable intangible assets recorded in connection with the acquisitions of the Zygo Group, Tec-Sem and GPI are as follows (in thousands):

	December 31, 2001		September 30, 2001
	Cost	Accumulated Amortization	Cost
Patents	\$ 4,747	\$ 2,569	\$ 4,579
Completed technology	54,217	7,234	31,575
License agreements	678	203	678
Trademarks and trade names	3,898	877	2,426
Non-competition agreements	3,264	815	2,133
Customer relationships	1,305	653	1,305
Assembled workforces	--	--	10,590
	<u>\$68,109</u>	<u>\$12,351</u>	<u>\$53,286</u>

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

The Company is required to complete the first step of the transitional impairment testing of goodwill required under the provisions of FAS 142 by the filing of the Form 10-Q for the quarter ended March 31, 2002. The Company is currently evaluating this impairment test and until completed it is possible that there may be an impairment of goodwill. Any impairment of goodwill arising under this transition testing will be recorded as a cumulative change in accounting principle within the statement of operations.

12

BROOKS AUTOMATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

4. EARNINGS (LOSS) PER SHARE

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

	Three months ended December 31,	
	2001	2000
Basic earnings (loss) per share:		
Net income (loss)	\$ (7,734)	\$ 5,000
Accretion and dividends on preferred stock	--	--
	-----	-----
Net income (loss) attributable to common stockholders	\$ (7,734)	\$ 5,000
	=====	=====
Weighted average common shares outstanding	19,886	17,000
	=====	=====
Basic earnings (loss) per share	\$ (0.39)	\$ 0.29
	=====	=====
Diluted earnings (loss) per share:		
Net income (loss) attributable to common stockholders	\$ (7,734)	\$ 5,000
	=====	=====
Weighted average common shares outstanding	19,886	17,000
Dilutive stock options and warrants	--	--
	-----	-----
Weighted average common shares outstanding for purposes of computing diluted earnings (loss) per share	19,886	18,000
	=====	=====
Diluted earnings (loss) per share	\$ (0.39)	\$ 0.28
	=====	=====

Options to purchase and assumed conversions totaling approximately 4.3 million shares of common stock were excluded from the computation of diluted loss per share for the three months ended December 31, 2001, as

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

their effect would be anti-dilutive. Options to purchase approximately 2.3 million shares of common stock were excluded from the computation of diluted earnings per share for the three months ended December 31, 2000, as their effect would be anti-dilutive. However, these options and conversions could become dilutive in future periods.

5. COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) for the Company is computed as the sum of net income (loss) and the change in the cumulative translation adjustment, which is the only component of the Company's accumulated other comprehensive loss. The Company's comprehensive loss for the three months ended December 31, 2001 was \$11,415,000. Comprehensive income was \$4,666,000 for the three months ended December 31, 2000.

13

BROOKS AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

6. SEGMENT AND GEOGRAPHIC INFORMATION

The Company has three reportable segments: tool automation systems, factory interface solutions and factory automation solutions. The tool automation systems segment provides a full complement of semiconductor wafer and flat panel display substrate handling systems, products and components and products for data storage. The factory interface solutions segment provides hardware and software solutions, including minienvironments and automated transfer mechanisms, to isolate the semiconductor wafer from the production environment. The factory automation segment provides software products for the semiconductor manufacturing execution system ("MES") market, including consulting and software customization.

The Company evaluates performance and allocates resources based on revenues and operating income (loss). Operating income (loss) for each segment includes selling, general and administrative expenses directly attributable to the segment. Amortization of acquired intangible assets and acquisition-related charges are excluded from the segments' operating income (loss). The Company's non-allocable overhead costs, which include corporate general and administrative expenses, are allocated between the segments based upon segment revenues. Segment assets exclude deferred taxes, acquired intangible assets, goodwill, all assets of the Company's Securities Corporation and investments in subsidiaries. The Company's Securities Corporation holds the Company's investments in marketable securities and is fully consolidated.

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

Tool Automation Systems	Factory Interface Solutions	F Au S
-------------------------------	-----------------------------------	--------------

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

Three months ended December 31, 2001		
Revenues		
Product	\$ 16,281	\$ 15,738
Services	4,106	2,092
	-----	-----
	\$ 20,387	\$ 17,830
	=====	=====
Gross margin	\$ 6,486	\$ 4,697
Operating income (loss)	\$ (2,532)	\$ (3,250)
Three months ended December 31, 2000		
Revenues		
Product	\$ 52,879	\$ 27,740
Services	4,958	617
	-----	-----
	\$ 57,837	\$ 28,357
	=====	=====
Gross margin	\$ 22,077	\$ 11,774
Operating income	\$ 11,311	\$ 1,775
Assets		
December 31, 2001	\$ 170,407	\$ 84,491
September 30, 2001	\$ 200,172	\$ 41,608

14

BROOKS AUTOMATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

A reconciliation of the Company's reportable segment operating income (loss) to the corresponding consolidated amounts for the three month periods ended December 31, 2001 and 2000 is as follows (in thousands):

	Three months ended December 31,	
	2001	2000
	-----	-----
Segment operating income (loss)	\$ (8,925)	\$13,270
Amortization of acquired intangible assets	3,633	5,693
Acquisition-related charges	100	--
	-----	-----
Total operating income (loss)	\$ (12,658)	\$ 7,577
	=====	=====

A reconciliation of the Company's reportable segment assets to the corresponding consolidated amounts as of December 31, 2001 and September 30, 2001 is as follows (in thousands):

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

	December 31, 2001	September 30, 2001
	-----	-----
Segment assets	\$287,370	\$286,612
Deferred tax asset	46,846	45,888
Acquired intangible assets	53,835	32,353
Goodwill	86,665	66,703
Securities Corporation assets	255,684	278,148
	-----	-----
	\$730,400	\$709,704
	=====	=====

Net revenues by geographic area are as follows (in thousands):

	Three months ended December 31,	
	2001	2000
	-----	-----
North America	\$ 24,205	\$ 63,061
Asia/Pacific	17,624	28,416
Europe	19,626	19,914
	-----	-----
	\$ 61,455	\$111,391
	=====	=====

It is impractical to disclose a breakdown of revenues between products and services on a geographic basis due to the fact that the Company does not maintain customer-level information at that level of detail in its financial systems.

15

BROOKS AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

7. SIGNIFICANT CUSTOMERS AND RELATED PARTY INFORMATION

On June 11, 2001, the Company appointed a new member to its Board of Directors. This individual is also a director of one of the Company's customers. Accordingly, this customer is considered a related party for the period subsequent to June 11, 2001. Revenues from this customer for the three months ended December 31, 2001 were approximately \$50,000. The amounts due from this customer included in accounts receivable at December 31, 2001 and September 30, 2001 were \$54,000 and \$32,000, respectively.

One of the Company's directors had previously also been a director of one of the Company's customers. On January 23, 2001, this individual resigned his position with the Company's customer. Accordingly, this customer is not considered a related party in subsequent reporting periods. Revenues

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

recognized from this customer in the three months ended December 31, 2000 were \$10.9 million.

The Company had one customer that accounted for more than 10% of revenues in the three months ended December 31, 2001. Revenues from that customer comprised 10.3% of revenues for the period. The Company had no customers that accounted for more than 10% of revenues in the three months ended December 31, 2000.

Pricing and significant contract terms offered to related parties are on the same terms as offered to third parties. Related party amounts included in accounts receivable are on standard terms and manner of settlement.

8. ACQUISITION-RELATED AND RESTRUCTURING LIABILITIES

The Company reported \$0.1 million of acquisition-related charges for the three months ended December 31, 2001, primarily legal and accounting fees incurred for the acquisition of PTI. The Company did not record any acquisition-related and restructuring charges in the three months ended December 31, 2000.

The activity related to the Company's acquisition-related and restructuring liabilities during the three months ended December 31, 2001, is below (in thousands):

	Balance September 30, 2001 ----	Charged To Expense -----	Utilization -----	Bala Decemb 200 ---
Facilities	\$3,309	\$ --	\$ (25)	\$3,2
Workforce-related	1,952	--	(1,280)	6
Other	--	100	(100)	
	-----	-----	-----	-----
	\$5,261	\$ 100	\$ (1,405)	\$3,9
	=====	=====	=====	=====

16

The Company anticipates cash outlays of \$2.4 million and \$1.6 million through the remainder of fiscal 2002 and in subsequent years, respectively, to complete its acquisition-related and restructuring initiatives.

BROOKS AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

9. OTHER BALANCE SHEET INFORMATION

Components of other selected captions in the Consolidated Balance Sheets follow (in thousands):

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

	December 31, 2001	September 30, 2001
	-----	-----
Accounts receivable	\$92,142	\$99,679
Less allowances	6,205	6,114
	-----	-----
	\$85,937	\$93,565
	=====	=====
 Inventories		
Raw materials and purchased parts	\$38,063	\$35,021
Work-in-process	13,473	12,099
Finished goods	2,914	2,175
	-----	-----
	\$54,450	\$49,295
	=====	=====

10. CONTINGENCY

There has been substantial litigation regarding patent and other intellectual property rights in the semiconductor and related industries. In 1992, the Company received notice from a third party alleging infringements of such party's patent rights by certain of the Company's products. The Company believes the patents claimed may be invalid. In the event of litigation with respect to this claim, the Company is prepared to vigorously defend its position. However, because patent litigation can be extremely expensive and time consuming, the Company may seek to obtain a license to one or more of the disputed patents. Based upon currently available information, the Company would only do so if such license fees would not be material to the Company's consolidated financial statements. Currently, the Company does not believe it is probable that the future events related to this threatened matter would have an adverse effect on the Company's business.

17

BROOKS AUTOMATION, INC.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

Certain statements in this quarterly report constitute "forward-looking statements" which involve known risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of Brooks to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include the factors that may affect future results set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations, which is included in this report. Precautionary statements made herein should be read as being applicable to all related forward-looking statements whenever they appear in this report.

OVERVIEW

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

Brooks Automation, Inc. ("Brooks" or the "Company") is a leading supplier of integrated tool and factory automation solutions for the global semiconductor and related industries, such as the data storage and flat panel display manufacturing industries. Brooks has distinguished itself as a technology and market leader, particularly in the demanding cluster-tool vacuum-processing environment and in integrated factory automation software applications. The Company's offerings have grown from individual robots used to transfer semiconductor wafers in advanced production equipment to fully integrated automation solutions that control the flow of resources in the factory from process tools to factory scheduling and dispatching. In 1998, the Company began an aggressive program of investment and acquisition. By the close of fiscal year 2000, Brooks had emerged as one of the leading suppliers of factory and tool automation solutions for semiconductor and original equipment manufacturers.

Many of the Company's customers purchase the Company's vacuum transfer robots and other modules before purchasing the Company's vacuum central wafer handling systems. The Company believes that once a customer has selected the Company's products for a process tool, the customer is likely to rely on those products for the life of that process tool model, which can be in excess of five years. Conversely, losing a bid for a manufacturing execution system ("MES") does not preclude the Company from securing optimization products to fit with a competitor's MES.

The Company's foreign revenues are generally denominated in United States dollars. Accordingly, foreign currency fluctuations have not had a significant impact on the comparison of the results of operations for the periods presented. The costs and expenses of the Company's international subsidiaries are generally denominated in currencies other than the United States dollar. However, since the functional currency of the Company's international subsidiaries is the local currency, foreign currency translation adjustments are reflected as a component of stockholders' equity under the caption "Accumulated other comprehensive income (loss)". To the extent that the Company expands its international operations or changes its pricing practices to denominate prices in foreign currencies, the Company will be exposed to increased risk of currency fluctuation.

18

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

BASIS OF PRESENTATION

On December 15, 2001, the Company acquired Fab Air Control ("Fab Air"), a Massachusetts company that develops exhaust control and airflow management systems for the semiconductor industry. On December 13, 2001, the Company acquired the Automation Systems Group of Zygo Corporation ("Zygo Group"). The Zygo Group, located in Florida, is a manufacturer of reticle automation systems, including reticle sorters, reticle macro inspection systems and reticle handling solutions for the semiconductor industry. On October 9, 2001, the Company acquired 90% of the capital stock of Tec-Sem A.G., a Swiss company ("Tec-Sem"). Tec-Sem is a leading manufacturer of bare reticle stockers, tool buffers and batch transfer systems for the semiconductor industry. On October 5, 2001, the Company acquired substantially all of the assets of General Precision, Inc. ("GPI"). GPI, located in Valencia, California, is a leading supplier of high-end environmental solutions for the semiconductor industry. These transactions were recorded using the purchase method of accounting in accordance with Financial Accounting Standards Board Statement No. 141, "Business Combinations" ("FAS

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

141"). Accordingly, the Company's Consolidated Statements of Operations and of Cash Flows for the three months ended December 31, 2001, include the results of these acquired entities for the periods subsequent to their respective acquisitions.

On July 12, 2001, the Company acquired Progressive Technologies, Inc. ("PTI") in a transaction accounted for as a pooling of interests initiated prior to June 30, 2001. Accordingly, the Company's consolidated financial statements and notes thereto have been restated to include the financial position and results of operations of PTI for all periods prior to the acquisition. Prior to its acquisition by the Company, PTI's fiscal year-end was December 31.

The Company made several acquisitions during fiscal year 2001 which were accounted for using the purchase method of accounting in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations" ("APB 16"): KLA-Tencor, Inc.'s e-Diagnostics product line infrastructure ("e-Diagnostics") on June 26, 2001; CCS Technology, Inc. ("CCST") on June 25, 2001, SimCon N.V. ("SimCon") on May 15, 2001; SEMY Engineering, Inc. ("SEMY") on February 16, 2001 and substantially all of the assets of a software and service distributor in Japan ("ASI-Japan"). The Company's Consolidated Statements of Operations and of Cash Flows include the results of these entities for the periods subsequent to their respective acquisitions.

RECENT DEVELOPMENTS

On October 23, 2001, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire PRI Automation, Inc. ("PRI"). Pursuant to the Merger Agreement and subject to the terms and conditions contained therein, holders of each share of PRI common stock will receive 0.52 shares of the Company's common stock.

The merger, which is expected to close in the third quarter of fiscal 2002, is contingent upon the fulfillment of certain conditions as provided in the Merger Agreement including, but not limited to, all required regulatory approvals, the approval of the merger by the stockholders of PRI and the approval of the issuance of the Company's common stock in the merger by the stockholders of the Company.

PRI supplies advanced factory automation systems, software, and services that optimize the productivity of semiconductor and precision electronics manufacturers, as well as OEM process tool manufacturers.

19

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

RESULTS OF OPERATIONS

The Company's business is significantly dependent on capital expenditures by semiconductor manufacturers and OEM's, which are, in turn, dependent on the current and anticipated market demand for semiconductors. The Company's revenues grew substantially in fiscal 2000 and the first half of fiscal 2001, due in large part to high levels of capital expenditures of semiconductor manufacturers. Demand for semiconductors is cyclical and has historically experienced periodic downturns. The semiconductor industry is currently experiencing such a downturn, which began to impact the Company in the third quarter of fiscal 2001, affecting both revenues and gross margins. As a result

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

of this downturn, the Company anticipates continued lower shipments of its products in fiscal 2002, compared to fiscal 2001. During fiscal 2001, the Company had taken selective cost reduction actions in many areas of its business in response to this ongoing downturn. These cost management initiatives included reductions to headcount, salary and wage reductions and reduced spending. Although the Company continues to take a proactive approach to cost management in response to this downturn, it will continue to invest in those areas which it believes are important to the long-term growth of the Company, such as its infrastructure, customer support and new products.

Three Months Ended December 31, 2001, Compared to Three Months Ended December 31, 2000

The Company reported a net loss of \$7.7 million for the three months ended December 31, 2001, compared to net income of \$5.5 million in the same period of the prior year. The results for the three months ended December 31, 2001 include \$3.6 million of amortization of acquired intangible assets and \$0.1 million of acquisition-related and restructuring costs. The results for the prior year period include \$5.7 million of amortization of acquired intangible assets. There were no acquisition-related and restructuring costs recorded in the three months ended December 31, 2000.

Revenues

The Company reported revenues of \$61.5 million in the three months ended December 31, 2001, compared to \$111.4 million in the same prior year period. The overall decrease in revenues is principally attributable to the current downturn in the semiconductor industry, partially offset by approximately \$6 million in incremental revenue from acquisitions.

The Company's tool automation systems segment reported revenues of \$20.4 million in the three months ended December 31, 2001, a decrease of 64.7% from the same prior year period. The decrease is attributable to the current downturn in the semiconductor industry, partially offset by approximately \$1 million of incremental revenues from acquisitions. The Company's factory interface solutions segment reported a decrease in revenues of 37.1%, to \$17.8 million, in the three month period ended December 31, 2001, compared to the three months ended December 30, 2000. The decrease is attributable to the current downturn in the semiconductor industry, partially offset by approximately \$3 million of incremental revenues from acquisitions. The Company's factory automation solutions segment reported revenues of \$23.2 million in the three months ended December 31, 2001, a decrease of 7.8% from the same prior year period. The decrease resulting from the downturn in the semiconductor industry was partially offset by approximately \$2 million of incremental revenues from acquisitions.

20

BROOKS AUTOMATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - Continued

Product revenues decreased \$49.1 million, to \$42.7 million, in the three months ended December 31, 2001, compared to \$91.8 million in the three months ended December 31, 2000. The decrease is attributable to the downturn currently affecting the semiconductor industry, partially offset by incremental revenues of approximately \$5 million from acquisitions.

Service revenues for the three months ended December 31, 2001 were \$18.7 million, a decrease of \$0.8 million, or 4.2%, from the three months ended

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

December 31, 2000. The decrease is primarily attributable to the current industry downturn, partially offset by incremental revenues from acquisitions approximating \$1 million.

Foreign revenues were \$37.3 million, or 60.6% of revenues, and \$50.4 million, or 45.2% of revenues, in the three month periods ended December 31, 2001 and 2000, respectively. The Company's expanded global presence through its recent acquisitions and expanded sales and marketing activities, combined with reduced sales in the United States due to the current industry downturn, has contributed to the increase in international revenues as a percentage of total revenues. The Company expects that foreign revenues will continue to account for a significant portion of total revenues. However, the Company cannot guarantee that foreign revenues will remain a major component of the Company's total revenues.

Gross Margin

Gross margin decreased to 39.2% for the three months ended December 31, 2001, compared to 45.4% for the same prior year period. The overall decrease in gross margin is primarily attributable to lower revenue levels which are a result of the current downturn affecting the semiconductor industry. These lower revenue levels impact cost absorption, exerting downward pressure on gross margins. In the three months ended on December 31, 2001, the Company provided \$482,000 for excess and obsolete inventories. The charge is an estimate of reserve requirements based on an analysis the Company performs on a periodic basis. As a result of the continuing downturn in the semiconductor industry, on-hand inventory levels continue to exceed expected demand. Excluding the impact of this provision, the Company's gross margin was 40.0% for the period.

The Company's tool automation systems segment gross margin decreased to 31.8% for the three months ended December 31, 2001, from 38.2% in the comparable prior year period. The change is the net result of the impact of the industry downturn, partially offset by changes in product mix. Gross margin for the Company's factory interface solutions segment was 26.3% for the three months ended December 31, 2001, compared to 41.5% in the same prior year period. The decrease is primarily the result of changes in product and services mix, combined with the current downturn in the semiconductor industry. The Company's factory automation solutions segment gross margin decreased to 55.6% in the three months ended December 31, 2001, from 66.6% in the comparable year period. The decrease is primarily attributable to changes in product and services mix; specifically, a decrease in higher margin license revenues partially offset by an increase in lower margin service revenues.

Gross margin on product revenues was 42.9% for the three months ended December 31, 2001, a decrease from 48.7% in the same prior year period. The decrease is primarily attributable to the current semiconductor industry downturn and the resulting downward pressure on sales volume, pricing and margins. Gross margin on service revenues was 31.0% for the three months ended December 31, 2001, a slight increase from 30.2% for the three months ended December 31, 2000.

Research and Development

Research and development expenses for the three months ended December 31, 2001 were \$14.1 million, an increase of \$0.5 million, compared to \$13.6 million in the three months ended December 31, 2000. Research

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

AND RESULTS OF OPERATIONS - Continued

and development expenses increased as a percentage of revenues in the three months ended December 31, 2001, to 23.0%, compared to 12.2% in the same prior year period. The increase in these expenditures as a percentage of revenues for this three month period is primarily attributable to the lower sales volumes resulting from the downturn currently affecting the semiconductor industry. The increase in absolute spending is associated with the Company's recent acquisitions, which accounted for approximately \$2 million of research and development expense in the three months ended December 31, 2001. The Company plans to continue to invest in research and development to enhance existing and develop new tool and factory hardware and software automation solutions for the semiconductor, data storage and flat panel display manufacturing industries.

Selling, General and Administrative

Selling, general and administrative expenses were \$18.9 million for the three months ended December 31, 2001, a decrease of \$4.9 million, compared to \$23.8 million in the same prior year period. However, selling, general and administrative expenses increased as a percentage of revenues in the three months ended December 31, 2001, to 30.8%, from 21.3% in the comparable prior year period. The increase in these expenditures as a percentage of revenues for the three months ended December 31, 2001, is primarily attributable to the lower sales volumes resulting from the downturn currently affecting the semiconductor industry. The decrease in absolute spending reflects the impact of the Company's ongoing cost reduction actions and synergies from recent acquisitions. These acquisitions accounted for approximately \$2 million of the Company's selling, general and administrative expense in the three months ended December 31, 2001.

Amortization of Acquired Intangible Assets

Amortization expense for acquired intangible assets totaled \$3.6 million in the three months ended December 31, 2001, and relates to the identifiable intangible assets recorded by the Company for the acquisitions of GPI, Tec-Sem and the Zygo Group in the current fiscal year, the e-Diagnostics product line, CCST, SimCon, SEMY and ASI-Japan in the prior fiscal year, ASC, ASI and MiTeX in fiscal 2000, Infab, Domain and Hanyon in fiscal 1999 and Irvine Optical's acquisition of a corporation in March 1997. Amortization expense for acquired intangible assets, including goodwill, was \$5.7 million in the three months ended December 31, 2000. The Company has elected to early adopt the provisions of FAS 142. Accordingly, effective October 1, 2001, the Company ceased the amortization of goodwill. The reduction in amortization of acquired intangible assets for the three months ended December 31, 2001, compared to the same prior year period reflects this change.

Acquisition-related Charges

The Company reported \$0.1 million of acquisition-related charges for the three months ended December 31, 2001, primarily legal and accounting fees incurred for the acquisition of PTI. The Company did not record any acquisition-related and restructuring charges in the three months ended December 31, 2000. The activity related to the Company's acquisition-related and restructuring liabilities during the three months ended December 31, 2001, is below (in thousands):

Balance	Charged		Balan
September 30,	to		Decembe
2001	expense	Utilization	200

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

Facilities	\$3,309	\$ --	\$ (25)	\$3,2
Workforce-related	1,952	--	(1,280)	6
Other	--	100	(100)	
	-----	-----	-----	-----
	\$5,261	\$ 100	\$ (1,405)	\$3,9
	=====	=====	=====	=====

22

BROOKS AUTOMATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - Continued

Interest Income and Expense

Interest income decreased by \$1.1 million, to \$2.8 million, in the three months ended December 31, 2001, compared to the same prior year period, primarily as a result of lower interest rates coupled with slightly lower balances available for investment. Interest expense of \$2.6 million for the three months ended December 31, 2001, is primarily comprised of \$2.3 million related to the Company's Convertible Subordinated Notes and imputed interest expense on the notes payable related to the Company's recent acquisitions of the e-Diagnostics product line and SimCon, aggregating \$0.2 million. Interest expense of \$0.2 million in the prior year period is primarily related to the Company's note payable to Daifuku America in connection with the acquisition of ASC and ASI. This note was paid in full on January 5, 2001.

Income Tax Provision (Benefit)

The Company recorded a net income tax benefit of \$4.1 million for the three months ended December 31, 2001 and income tax expense of \$5.0 million in the comparable prior year period. The tax benefit is attributable to the loss in the current quarter. The prior year period tax provision is attributable to federal, state and foreign income taxes. Federal and state taxes have been reduced for net operating losses, research and development and foreign tax credits and an extraterritorial income benefit which replaced the foreign sales corporation benefit.

The Company has recorded a deferred tax asset of \$40.8 million. Realization is dependent on generating sufficient taxable income prior to expiration of loss carryforwards, which will expire at various dates through 2022. Although realization is not assured, the Company believes that it is more likely than not that all of the deferred tax assets will be realized. The Company has considered both positive and negative available evidence in its determination that the deferred tax asset will be realized. While current economic conditions, including a current quarter book loss, provide some evidence that the deferred tax assets may not be fully realized, the cyclical nature of the industry sector and recent historical experience of income provide objective positive evidence that the deferred tax assets are recoverable. The Company believes that its efforts to right-size the business in the fourth quarter of fiscal 2001 and the recent acquisitions in the first quarter of the current fiscal year will be important factors in achieving future profitability. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

estimates of the future taxable income during the carryforward period are reduced. The Company estimates that the significant net reversing temporary difference will be available for use through 2022. Additionally, other significant reversing temporary differences will be available for use through 2036. Therefore, the Company estimates that its annual future taxable income must average \$2.3 million per year during the carryforward period to fully realize the benefit of the net deferred tax asset.

23

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were \$130.2 million at December 31, 2001, a decrease of \$30.1 million from September 30, 2001. This decrease in cash and cash equivalents is primarily due to \$26.8 million of payments for the Company's recent acquisitions, including \$12.9 million relating to Tec-Sem and \$11.6 million relating to the Zygo Group.

Cash provided by operations was \$1.6 million for the three months ended December 31, 2001, and is primarily attributable to an adjustment to the Company's net loss for depreciation and amortization of \$7.5 million, coupled with a decrease in accounts receivable of \$15.4 million. These amounts were partially offset by decreases in accounts payable and accrued expenses and other current liabilities of \$6.9 million and \$10.5 million, respectively.

The Company's days sales outstanding ("DSO") increased for the three months ended December 31, 2001 compared to the same prior year period. The decrease in revenues for the three months ended December 31, 2001 was disproportionate to the decrease in accounts receivable, thereby adversely impacting DSO. Additionally, the decrease in revenues was also disproportionate to the decrease in inventories, adversely impacting days sales in inventory.

Cash used in investing activities was \$31.3 million for the three months ended December 31, 2001, and is principally comprised of \$12.9 million for the acquisition of Tec-Sem, net of cash acquired, \$11.6 million for the acquisition of the Zygo Group, net of cash acquired, \$2.3 million for other acquisitions, net of cash acquired, \$4.5 million used for capital additions and \$13.2 million invested in marketable securities. These expenditures were partially offset by sale of \$10.2 million of the Company's investments in marketable securities.

Cash provided by financing activities was \$0.1 million, and is comprised of \$0.6 million of cash from the exercise of options to purchase the Company's common stock, partially offset by \$0.5 million for the payment of long-term debt.

While the Company has no significant capital commitments, as it expands its product offerings, the Company anticipates that it will continue to make capital expenditures to support its business and improve its computer systems infrastructure. In addition, assuming none of the Convertible Subordinated Notes are converted into common stock, the Company expects to expend approximately \$8 million per year on interest related to these notes. The Company may also use its resources to acquire companies, technologies or products that complement the business of the Company.

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

The Company terminated its \$30.0 million unsecured revolving credit facility and replaced it with a \$10.0 million uncommitted demand promissory note facility with ABN AMRO Bank N.V. ("ABN AMRO") on May 2, 2000. The Company transferred all of its outstanding letters of credit, totaling approximately \$1.1 million, to the new facility. ABN AMRO is not obligated to extend loans or issue letters of credit under this new facility. At December 31, 2001, \$1.1 million of the facility was in use, all of it for letters of credit.

The Company believes that its existing resources will be adequate to fund the Company's currently planned working capital and capital expenditure requirements for at least the next twelve months. The sufficiency of the Company's resources to fund its needs for capital is subject to known and unknown risks, uncertainties and other factors which may have a material adverse effect on the Company's business, including, without limitation, the factors discussed under "Factors That May Affect Future Results."

24

BROOKS AUTOMATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - Continued

RECENTLY ENACTED ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141") and No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). FAS 141 requires that all business combinations be accounted for under the purchase method only and that certain acquired intangible assets in a business combination be recognized as assets apart from goodwill. FAS 142 requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill be amortized over their useful lives. FAS 141 is effective for all business combinations initiated after June 30, 2001 and for all business combinations accounted for by the purchase method for which the date of acquisition is before June 30, 2001. The provisions of FAS 142 will be effective for fiscal years beginning after December 15, 2001; however, the Company elected to early adopt the provisions effective October 1, 2001. The Company will perform an annual impairment test of goodwill, required under FAS 142, as at the end of each fiscal year.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"). The objectives of FAS 144 are to address significant issues relating to the implementation of FASB Statement No. 121 ("Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("FAS 121") and to develop a single accounting model, based on the framework established in FAS 121, for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. FAS 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001, and generally, its provisions are to be applied prospectively. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

25

BROOKS AUTOMATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - Continued

FACTORS THAT MAY AFFECT FUTURE RESULTS

From time to time, information provided by Brooks or statements made by its employees may contain forward-looking information that involves substantial known and unknown risks and uncertainties such as those described below that could cause actual results to differ materially from targets or projected results.

You should carefully consider the risks described below and the other information in this report before deciding to invest in shares of our common stock. These are the risks and uncertainties we believe are most important for you to consider. Additional risks and uncertainties not presently known to us, which we currently deem immaterial or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. If any of the following risks or uncertainties actually occur, our business, financial condition and operating results would likely suffer. In that event, the market price of our common stock could decline and you could lose all or part of the money you paid to buy our common stock.

RISK FACTORS RELATING TO BROOKS' INDUSTRY

THE CYCLICAL DEMAND OF SEMICONDUCTOR MANUFACTURERS AFFECTS BROOKS' OPERATING RESULTS AND THE ONGOING DOWNTURN IN THE INDUSTRY COULD SERIOUSLY HARM BROOKS' OPERATING RESULTS.

Brooks' business is significantly dependent on capital expenditures by semiconductor manufacturers. The level of semiconductor manufacturers' capital expenditures is dependent on the current and anticipated market demand for semiconductors. The semiconductor industry is highly cyclical and is currently experiencing a downturn. Brooks anticipates the downturn will continue during the next few quarters. Despite these industry conditions, Brooks plans to continue to invest in those areas which Brooks believes are important to its long-term growth, such as its infrastructure and information technology system, customer support, supply chain management and new products. As a result, consistent with its experience in downturns in the past, Brooks believes the current industry downturn will lead to reduced revenues for it and may cause it to incur losses.

INDUSTRY CONSOLIDATION AND OUTSOURCING OF THE MANUFACTURE OF SEMICONDUCTORS TO FOUNDRIES COULD REDUCE THE NUMBER OF AVAILABLE CUSTOMERS.

The substantial expense of building or expanding a semiconductor fabrication facility is leading increasing numbers of semiconductor companies to contract with foundries, which manufacture semiconductors designed by others. As manufacturing is shifted to foundries, the number of Brooks' potential customers could decrease, which would increase its dependence on its remaining customers. Recently, consolidation within the semiconductor manufacturing industry has increased. If semiconductor manufacturing is consolidated into a small number of foundries and other large companies, Brooks' failure to win any significant bid to supply equipment to those customers could seriously harm its reputation and materially and adversely affect its revenue and operating results.

26

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

RISK FACTORS RELATING TO BROOKS' OPERATIONS

BROOKS' SALES VOLUME SUBSTANTIALLY DEPENDS ON THE SALES VOLUME OF BROOKS' ORIGINAL EQUIPMENT MANUFACTURER CUSTOMERS AND ON INVESTMENT IN MAJOR CAPITAL EXPANSION PROGRAMS, RETROFITS AND UPGRADES BY END USER SEMICONDUCTOR MANUFACTURING COMPANIES.

Brooks sells a majority of its tool automation products to original equipment manufacturers that incorporate Brooks' products into their equipment. Therefore, Brooks' revenues depend on the ability of these customers to develop, market and sell their equipment in a timely, cost-effective manner. Approximately 40% of Brooks' total revenue for the quarter ended December 31, 2001 and approximately 56% of Brooks' total revenue in fiscal 2001 comes from sales to original equipment manufacturers.

Brooks also generates significant revenues from large orders from semiconductor manufacturing companies that build new plants or invest in major automation retrofits and upgrades. Brooks' revenues depend, in part, on continued capital investment by semiconductor manufacturing companies. Approximately 60% of Brooks' total revenue for the quarter ended December 31, 2001 and approximately 44% of Brooks' total revenue in fiscal 2001 comes from sales to semiconductor manufacturing companies.

BROOKS RELIES ON A RELATIVELY LIMITED NUMBER OF CUSTOMERS FOR A LARGE PORTION OF ITS REVENUES AND BUSINESS.

Brooks receives a significant portion of its revenues in each fiscal period from a relatively limited number of customers. The loss of one or more of these major customers, or a decrease in orders by one or more customers, could adversely affect Brooks' revenue, business and reputation. Sales to Brooks' ten largest customers accounted for approximately 39% of total revenues in the quarter ended December 31, 2001, 37% of total revenues in fiscal 2001 and 40% of total revenues in fiscal 2000.

DELAYS IN OR CANCELLATION OF SHIPMENTS OF A FEW OF BROOKS' LARGE ORDERS COULD SUBSTANTIALLY DECREASE ITS REVENUES OR REDUCE ITS STOCK PRICE.

Historically, a substantial portion of Brooks' quarterly and annual revenues has come from sales of a small number of large orders. Some of Brooks' products have high selling prices compared to Brooks' other products. As a result, the timing of when Brooks recognizes revenue from one of these large orders can have a significant impact on its total revenues and operating results for a particular period and reduce its stock price because its sales in that fiscal period could fall significantly below the expectations of financial analysts and investors. This could cause the value of its common stock to fall. Brooks' operating results could be harmed if a small number of large orders are canceled or rescheduled by customers or cannot be filled due to delays in manufacturing, testing, shipping or product acceptance.

DEMAND FOR BROOKS' PRODUCTS FLUCTUATES RAPIDLY AND UNPREDICTABLY, WHICH MAKES IT DIFFICULT TO MANAGE ITS BUSINESS EFFICIENTLY AND CAN REDUCE ITS GROSS MARGINS AND PROFITABILITY.

Brooks' expense levels are based in part on its expectations for future demand. Many expenses, particularly those relating to capital equipment and manufacturing overhead, are relatively fixed. The rapid and unpredictable shifts in demand for Brooks' products make it difficult to plan manufacturing capacity and business operations efficiently. If demand is significantly below

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

expectations, Brooks may be unable to rapidly reduce these fixed costs, which can diminish gross margins and cause losses. A sudden downturn may also leave Brooks with excess inventory, which may be rendered obsolete as products evolve during the downturn

27

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

and demand shifts to newer products. Brooks' ability to reduce expenses is further constrained because it must continue to invest in research and development to maintain its competitive position and to maintain service and support for its existing global customer base. Conversely, in sudden upturns, Brooks sometimes incurs significant expenses to rapidly expedite delivery of components, procure scarce components and outsource additional manufacturing processes. These expenses could reduce its gross margins and overall profitability. Any of these results could seriously harm Brooks' business.

BROOKS' LENGTHY SALES CYCLE REQUIRES IT TO INCUR SIGNIFICANT EXPENSES WITH NO ASSURANCE THAT BROOKS WILL GENERATE REVENUE.

Brooks' tool automation products are generally incorporated into original equipment manufacturer equipment at the design stage. To obtain new business from its original equipment manufacturer customers, Brooks must develop products for selection by a potential customer at the design stage. This often requires Brooks to make significant expenditures without any assurance of success. The original equipment manufacturer's design decisions often precede the generation of volume sales, if any, by a year or more. Brooks cannot guarantee that the equipment manufactured by its original equipment manufacturing customers will be commercially successful. If Brooks or its original equipment manufacturing customers fails to develop and introduce new products successfully and in a timely manner, Brooks' business and financial results will suffer.

Brooks also must complete successfully a costly evaluation and proposal process before Brooks can achieve volume sales of Brooks factory automation software to customers. These undertakings are major decisions for most prospective customers and typically involve significant capital commitments and lengthy evaluation and approval processes. Brooks cannot guarantee that it will continue to satisfy evaluations by its end-user customers.

BROOKS' OPERATING RESULTS WOULD BE HARMED IF ONE OF ITS KEY SUPPLIERS FAILS TO DELIVER COMPONENTS FOR BROOKS' PRODUCTS.

Brooks currently obtains many of its components on an as needed, purchase order basis. Generally, Brooks does not have any long-term supply contracts with its vendors and believes many of its vendors have been taking cost containment measures in response to the industry downturn. When demand for semiconductor manufacturing equipment increases, Brooks' suppliers face significant challenges in delivering components on a timely basis. Brooks' inability to obtain components in required quantities or of acceptable quality could result in significant delays or reductions in product shipments. This could create customer dissatisfaction, cause lost revenue and otherwise materially and adversely affect Brooks' operating results. Delays on Brooks' part could also cause it to incur contractual penalties for late delivery.

BROOKS MAY EXPERIENCE DELAYS AND TECHNICAL DIFFICULTIES IN NEW PRODUCT INTRODUCTIONS AND MANUFACTURING, WHICH CAN ADVERSELY AFFECT ITS REVENUES, GROSS

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

MARGINS AND NET INCOME.

Because Brooks' systems are complex, there can be a significant lag between the time Brooks introduces a system and the time it begins to produce that system in volume. As technology in the semiconductor industry becomes more sophisticated, Brooks is finding it increasingly difficult to design and integrate complex technologies into its systems, to procure adequate supplies of specialized components, to train its technical and manufacturing personnel and to make timely transitions to high-volume manufacturing. Many customers also require customized systems, which compound these difficulties. Brooks sometimes incurs substantial

28

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

unanticipated costs to ensure that its new products function properly and reliably early in their life cycle. These costs could include greater than expected installation and support costs or increased materials costs as a result of expedited changes. Brooks may not be able to pass these costs on to its customers. In addition, Brooks has experienced, and may continue to experience, difficulties in both low and high volume manufacturing. Any of these results could seriously harm Brooks' business.

Moreover, on occasion Brooks has failed to meet its customers' delivery or performance criteria, and as a result Brooks incurred late delivery penalties and had higher warranty and service costs. These failures could continue and could also cause Brooks to lose business from those customers and suffer long-term damage to its reputation.

BROOKS MAY BE UNABLE TO RECRUIT AND RETAIN NECESSARY PERSONNEL BECAUSE OF INTENSE COMPETITION FOR HIGHLY SKILLED PERSONNEL.

Brooks needs to retain a substantial number of employees with technical backgrounds for both its hardware and software engineering, manufacturing, sales and support staffs. The market for these employees is intensively competitive, and Brooks has occasionally experienced delays in hiring qualified personnel. Due to the cyclical nature of the demand for its products and the current downturn in the semiconductor market, Brooks recently reduced its workforce as a cost reduction measure. If the semiconductor market experiences an upturn, Brooks may need to rebuild its workforce. Due to the competitive nature of the labor markets in which Brooks operates, this type of employment cycle increases Brooks' risk of being unable to retain and recruit key personnel. Brooks' inability to recruit, retain and train adequate numbers of qualified personnel on a timely basis could adversely affect its ability to develop, manufacture, install and support its products and may result in lost revenue and market share if customers seek alternative solutions.

BROOKS' INTERNATIONAL BUSINESS OPERATIONS EXPOSE IT TO A NUMBER OF DIFFICULTIES IN COORDINATING ITS ACTIVITIES ABROAD AND IN DEALING WITH MULTIPLE REGULATORY ENVIRONMENTS.

Sales to customers outside North America accounted for approximately 61% of Brooks' total revenues in the quarter ended December 31, 2001, 50% in fiscal 2001, 48% in fiscal 2000 and 43% in fiscal 1999. Brooks anticipates that international sales will continue to account for a significant portion of its revenues. Many of Brooks' vendors are located in foreign countries. As a result

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

of its international business operations, Brooks is subject to various risks, including:

- difficulties in staffing and managing operations in multiple locations in many countries;
- difficulties in managing distributors, representatives and third party systems integrators;
- challenges presented by collecting trade accounts receivable in foreign jurisdictions;
- longer sales-cycles;
- possible adverse tax consequences;
- fewer legal protections for intellectual property;
- governmental currency controls and restrictions on repatriation of earnings;
- changes in various regulatory requirements;
- political and economic changes and disruptions; and
- export/import controls and tariff regulations.

29

BROOKS AUTOMATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - Continued

To support its international customers, Brooks maintains locations in several countries, including Belgium, Canada, China, Germany, Japan, Malaysia, Singapore, South Korea, Switzerland, Taiwan and the United Kingdom. Brooks cannot guarantee that it will be able to manage these operations effectively. Brooks cannot assure you that its investment in these international operations will enable it to compete successfully in international markets or to meet the service and support needs of its customers, some of whom are located in countries where Brooks has no infrastructure.

Although Brooks' international sales are primarily denominated in U.S. dollars, changes in currency exchange rates can make it more difficult for Brooks to compete with foreign manufacturers on price. If Brooks' international sales increase relative to its total revenues, these factors could have a more pronounced effect on Brooks' operating results.

BROOKS MUST CONTINUALLY IMPROVE ITS TECHNOLOGY TO REMAIN COMPETITIVE.

Technology changes rapidly in the semiconductor, data storage and flat panel display manufacturing industries. Brooks believes its success depends in part upon its ability to enhance its existing products and to develop and market new products to meet customer needs, even in industry downturns. For example, as the semiconductor industry transitions from 200mm manufacturing technology to 300mm technology, Brooks believes it is important to its future success to develop and sell new products that are compatible with 300mm technology. If competitors introduce new technologies or new products, Brooks' sales could decline and its existing products could lose market acceptance. Brooks cannot guarantee that it

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

will identify and adjust to changing market conditions or succeed in introducing commercially rewarding products or product enhancements. The success of Brooks' product development and introduction depends on a number of factors, including:

- accurately identifying and defining new market opportunities and products;
- completing and introducing new product designs in a timely manner;
- market acceptance of Brooks' products and its customers' products;
- timely and efficient software development, testing and process;
- timely and efficient implementation of manufacturing and assembly processes;
- product performance in the field;
- development of a comprehensive, integrated product strategy; and
- efficient implementation and installation and technical support services.

Because Brooks must commit resources to product development well in advance of sales, its product development decisions must anticipate technological advances by leading semiconductor manufacturers. Brooks may not succeed in that effort. Its inability to select, develop, manufacture and market new products or enhance its existing products could cause it to lose its competitive position and could seriously harm its business.

30

BROOKS AUTOMATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - Continued

BROOKS FACES SIGNIFICANT COMPETITION WHICH COULD RESULT IN DECREASED DEMAND FOR BROOKS' PRODUCTS OR SERVICES.

The markets for Brooks' products are intensely competitive. Brooks may be unable to compete successfully. Brooks believes the primary competitive factors in the tool automation systems segment are throughput, reliability, contamination control, accuracy and price/performance. Brooks believes that its primary competition in the tool automation market is from integrated original equipment manufacturers that satisfy their semiconductor and flat panel display handling needs internally rather than by purchasing systems or modules from an independent supplier like Brooks. Many of these original equipment manufacturers have substantially greater resources than Brooks does. Applied Materials, Inc., the leading process equipment original equipment manufacturer, develops and manufactures its own central wafer handling systems and modules. Brooks may not be successful in selling its products to original equipment manufacturers that internally satisfy their wafer or substrate handling needs, regardless of the performance or the price of Brooks products. Moreover, integrated original equipment manufacturers may begin to commercialize their handling capabilities and become Brooks competitors.

Brooks believes that the primary competitive factors in the end user semiconductor manufacturer market for factory automation and process control solutions are product functionality, price/performance, ease of use, ease of integration and installation, hardware and software platform compatibility, costs to support and maintain, vendor reputation and financial stability. The

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

relative importance of these competitive factors may change over time. Brooks directly competes in this market with various competitors, including Applied Materials-Consilium, IBM, Si-view, Compaq, TRW, Camstar and numerous small, independent software companies. Brooks also competes with the in-house software staffs of semiconductor manufacturers like NEC, Texas Instruments and Intel. Most of those manufacturers have substantially greater resources than Brooks does.

Brooks believes that the primary competitive factors in the factory interface market are technical and technological capabilities, reliability, price/performance, ease of integration and global sales and support capability. In this market, Brooks competes directly with Asyst, Rorze, Fortrend, Newport, TOK, Yasakawa and Hirata. Some of these competitors have substantial financial resources and extensive engineering, manufacturing and marketing capabilities.

MUCH OF BROOKS' SUCCESS AND VALUE LIES IN ITS OWNERSHIP AND USE OF INTELLECTUAL PROPERTY, AND BROOKS' FAILURE TO PROTECT THAT PROPERTY COULD ADVERSELY AFFECT ITS FUTURE OPERATIONS.

Brooks' ability to compete is heavily affected by its ability to protect its intellectual property. Brooks relies primarily on trade secret laws, confidentiality procedures, patents, copyrights, trademarks and licensing arrangements to protect its intellectual property. The steps Brooks has taken to protect its technology may be inadequate. Existing trade secret, trademark and copyright laws offer only limited protection. Brooks' patents could be invalidated or circumvented. The laws of certain foreign countries in which Brooks products are or may be developed, manufactured or sold may not fully protect Brooks' products. This may make the possibility of piracy of Brooks' technology and products more likely. Brooks cannot guarantee that the steps Brooks has taken to protect its intellectual property will be adequate to prevent misappropriation of its technology. Other companies could independently develop similar or superior technology without violating Brooks' proprietary

31

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

rights. There has been substantial litigation regarding patent and other intellectual property rights in semiconductor-related industries. Brooks may engage in litigation to:

- enforce its patents;
- protect its trade secrets or know-how;
- defend itself against claims alleging it infringes the rights of others;
or
- determine the scope and validity of the patents or intellectual property rights of others.

Any litigation could result in substantial cost to Brooks and divert the attention of Brooks' management, which could harm its operating results and its future operations. A party making such a claim could secure a judgment against Brooks that requires it to pay substantial damages. A judgment could also include an injunction or other court order that could prevent Brooks from selling its products. Any of these events could seriously harm Brooks' business.

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

BROOKS' OPERATIONS COULD INFRINGE ON THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS.

Particular aspects of Brooks' technology could be found to infringe on the intellectual property rights or patents of others. Other companies may hold or obtain patents on inventions or may otherwise claim proprietary rights to technology necessary to Brooks' business. Brooks cannot predict the extent to which it may be required to seek licenses or alter its products so that they no longer infringe the rights of others. Brooks cannot guarantee that the terms of any licenses it may be required to seek will be reasonable. Similarly, changing Brooks' products or processes to avoid infringing the rights of others may be costly or impractical or could detract from the value of its products.

BROOKS' BUSINESS MAY BE HARMED BY INFRINGEMENT CLAIMS OF GENERAL SIGNAL OR APPLIED MATERIALS.

Brooks received notice from General Signal Corporation twice in 1992 and once in 1994, alleging certain of Brooks' tool automation systems products that Brooks sells to semiconductor process tool manufacturers infringed General Signal's patent rights. The notification advised Brooks that General Signal was attempting to enforce its rights to those patents in litigation against Applied Materials, and that, at the conclusion of that litigation, General Signal intended to enforce its rights against us and others. According to a press release issued by Applied Materials in November 1997, Applied Materials settled its litigation with General Signal by acquiring ownership of five General Signal patents. Although not verified by Brooks, these five patents would appear to be the patents referred to by General Signal in its prior notice to Brooks. Applied Materials has not contacted Brooks regarding these patents. Brooks cannot guarantee that it would prevail in any litigation by Applied Materials seeking damages or expenses from Brooks or to enjoin Brooks from selling its products on the basis of the alleged patent infringement, or that a license for any of the alleged infringed patents will be available to Brooks on reasonable terms, if at all. A material portion of Brooks' revenues for the quarter ended December 31, 2001 and fiscal 2001 derive from the products that General Signal originally alleged infringed its patent rights.

32

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

BROOKS DOES NOT HAVE LONG-TERM CONTRACTS WITH ITS CUSTOMERS AND BROOKS' CUSTOMERS MAY CEASE PURCHASING BROOKS' PRODUCTS AT ANY TIME.

Brooks generally does not have long-term contracts with its customers. As a result, Brooks' agreements with its customers do not provide any assurance of future sales. Accordingly:

- Brooks' customers can cease purchasing its products at any time without penalty;
- Brooks' customers are free to purchase products from Brooks' competitors;
- Brooks is exposed to competitive price pressure on each order; and
- Brooks' customers are not required to make minimum purchases.

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

BROOKS' SOFTWARE PRODUCTS MAY CONTAIN ERRORS OR DEFECTS THAT COULD RESULT IN LOST REVENUE, DELAYED OR LIMITED MARKET ACCEPTANCE OR PRODUCT LIABILITY CLAIMS WITH SUBSTANTIAL LITIGATION COSTS.

Complex software products like Brooks' can contain errors or defects, particularly when Brooks first introduces new products or when it releases new versions or enhancements. Any defects or errors could result in lost revenue or a delay in market acceptance, which would seriously harm Brooks' business and operating results. Brooks has occasionally discovered software errors in its new software products and new releases after their introduction, and Brooks expects that this will continue. Despite internal testing and testing by current and potential customers, Brooks' current and future products may contain serious defects.

Because many of Brooks' customers use their products for business-critical applications, any errors, defects or other performance problems could result in financial or other damage to Brooks' customers and could significantly impair their operations. Brooks' customers could seek to recover damages from Brooks for losses related to any these issues. A product liability claim brought against Brooks, even if not successful, would likely be time-consuming and costly to defend and could adversely affect Brooks' marketing efforts.

BROOKS' FUTURE OPERATIONS COULD BE HARMED IF THE COMMERCIAL ADOPTION OF 300MM WAFER TECHNOLOGY CONTINUES TO PROGRESS SLOWLY OR IS HALTED.

Brooks' future operations depend in part on the adoption of new systems and technologies to automate the processing of 300mm wafers. However, the industry transition from the current, widely used 200mm manufacturing technology to 300mm manufacturing technology is occurring more slowly than expected. A significant delay in the adoption of 300mm manufacturing technology, or the failure of the industry to adopt 300mm manufacturing technology, could significantly impair Brooks' operations. Moreover, continued delay in transition to 300mm technology could permit Brooks' competitors to introduce competing or superior 300mm products at more competitive prices. As a result of these factors, competition for 300mm orders could become vigorous and could harm Brooks' results of operations.

33

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

BROOKS' RECENT RAPID GROWTH IS STRAINING ITS OPERATIONS AND REQUIRING IT TO INCUR COSTS TO UPGRADE ITS INFRASTRUCTURE.

During fiscal 2000 and 2001, Brooks experienced extremely rapid growth in its operations, its product offerings and the geographic area of its operations. The proposed merger with PRI will continue this trend. Brooks' growth has placed a significant strain on its management, operations and financial systems. Brooks' future operating results will depend in part on its ability to continue to implement and improve its operating and financial controls and management information systems. If Brooks fails to manage its growth effectively, its financial condition, results of operations and business could be harmed.

BROOKS' SYSTEMS INTEGRATION SERVICES BUSINESS HAS GROWN SIGNIFICANTLY RECENTLY AND POOR EXECUTION OF THOSE SERVICES COULD ADVERSELY IMPACT BROOKS' OPERATING RESULTS.

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

The number of projects Brooks is pursuing for its systems integration services business has grown significantly recently. This business consists of integrating combinations of Brooks software and hardware products to provide more comprehensive solutions for Brooks' end-user customers. The delivery of these services typically is complex, requiring that Brooks coordinate personnel with varying technical backgrounds in performing substantial amounts of services in accordance with timetables. Brooks is in the early stages of developing this business and it is subject to the risks attendant to entering a business in which it has limited direct experience. In addition, Brooks' ability to supply these services and increase its revenues is limited by its ability to retain, hire and train systems integration personnel. Brooks believes that there is significant competition for personnel with the advanced skills and technical knowledge that it needs. Some of Brooks' competitors may have greater resources to hire personnel with those skills and knowledge. Brooks' operating margins could be adversely impacted if it does not effectively hire and train additional personnel or deliver systems integration services to its customers on a satisfactory and timely basis consistent with its budgets.

THE EFFECT OF TERRORIST THREATS ON THE GENERAL ECONOMY COULD DECREASE BROOKS' REVENUES.

On September 11, 2001, the United States was subject to terrorist attacks at the World Trade Center buildings in New York City and the Pentagon in Washington, D.C. The potential near- and long-term impact these attacks may have in regards to Brooks' suppliers and customers, markets for their products and the U.S. economy are uncertain. There may be other potential adverse effects on Brooks' operating results due to this significant event that Brooks cannot foresee.

BROOKS' BUSINESS MAY BE HARMED BY INFRINGEMENT CLAIMS OF ASYST TECHNOLOGIES, INC.

Brooks acquired certain assets, including a transport system known as IridNet, from the Infab division of Jenoptik AG on September 30, 1999. Asyst Technologies, Inc. had previously filed suit against Jenoptik AG and other parties (collectively, the "defendants"), claiming that products of the defendants, including IridNet, infringe Asyst's patents. This ongoing litigation may ultimately affect certain products sold by Brooks. Brooks has received notice that Asyst may amend its complaint to name Brooks as an additional defendant. Based on

34

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

Brooks' investigation of Asyst's allegations, Brooks does not believe it is infringing any claims of Asyst's patents. Brooks intends to continue to support Jenoptik to argue vigorously, among other things, the position that the IridNet system does not infringe the Asyst patents. If Asyst prevails in prosecuting its case, Asyst may seek to prohibit Brooks from developing, marketing and using the Iridnet product without a license. Because patent litigation can be extremely expensive, time-consuming, and its outcome uncertain, Brooks may seek to obtain licenses to the disputed patents. Brooks cannot guarantee that licenses will be available to it on reasonable terms, if at all. If a license from Asyst is not available, Brooks could be forced to incur substantial costs to reengineer the IridNet product, which could diminish its value. In any case, Brooks may face litigation with Asyst. Such litigation could be costly and would divert Brooks

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

management's attention and resources. In addition, even though sales of IridNet comprised less than 1% of total revenues for fiscal 2001, if Brooks does not prevail in such litigation, Brooks could be forced to pay damages or amounts in settlement. Jenoptik has indemnified Brooks for losses Brooks may incur in this action.

RISK FACTORS RELATING TO BROOKS' ACQUISITIONS

BROOKS HAS ANNOUNCED A MERGER WITH PRI, AND UNCERTAINTY REGARDING THE MERGER MAY DISRUPT BROOKS' OPERATIONS AND ADVERSELY AFFECT ITS BUSINESS.

On October 24, 2001, Brooks announced its proposed merger with PRI Automation, Inc. Brooks cannot guarantee that the merger will occur. The merger will happen only if stated conditions are met, including approval of the issuance of shares in the merger by Brooks' stockholders, approval of the merger by PRI's stockholders, clearance of the merger under United States and foreign antitrust laws, and the absence of any material adverse change in the business of Brooks or PRI. Many of the conditions are outside the control of Brooks and PRI, and both parties also have stated rights to terminate the merger agreement. Accordingly, there may be uncertainty regarding the completion of the merger. This uncertainty may cause customers, suppliers and channel partners to delay or defer decisions concerning Brooks, which could negatively affect its business. Customers, suppliers and channel partners may also seek to change existing agreements with Brooks as a result of the merger. Any delay or deferral of those decisions or changes in existing agreements could have a material adverse effect on Brooks' business, regardless of whether the merger is ultimately completed. Many costs related to the merger, such as legal, accounting, financial advisor and financial printing fees, must be paid by Brooks regardless of whether the merger is completed. If the merger is not completed for any reason, Brooks may be subject to a number of risks, including a decline in the market price of Brooks common stock, to the extent that the relevant current market price reflects a market assumption that the merger will be completed, and substantial disruption to Brooks' business and distraction of its workforce and management team. In addition, employees who are uncertain about their future with the combined company or who do not wish to work for the combined company may seek employment elsewhere, which could impair Brooks' ability to operate its business.

35

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

BROOKS' BUSINESS COULD BE HARMED IF BROOKS FAILS TO ADEQUATELY INTEGRATE THE OPERATIONS OF THE BUSINESSES IT HAS ACQUIRED.

Brooks has completed a number of acquisitions in a short period of time. Brooks' management must devote substantial time and resources to the integration of the operations of its acquired businesses with its core businesses and with each other. If Brooks fails to accomplish this integration efficiently, Brooks may not realize the anticipated benefits of its acquisitions. The process of integrating supply and distribution channels, research and development initiatives, computer and accounting systems and other aspects of the operation of its acquired businesses, presents a significant challenge to Brooks' management. This is compounded by the challenge of simultaneously managing a larger entity. These businesses have operations and personnel located in Asia, Europe and the United States and present a number of additional difficulties of

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

integration, including:

- assimilating products and designs into integrated solutions;
- informing customers, suppliers and distributors of the effects of the acquisitions and integrating them into Brooks' overall operations;
- integrating personnel with disparate business backgrounds and cultures;
- defining and executing a comprehensive product strategy;
- managing geographically remote units;
- managing the risks of entering markets or types of businesses in which Brooks has limited or no direct experience; and
- minimizing the loss of key employees of the acquired businesses.

If Brooks delays the integration or fails to integrate an acquired business or experiences other unforeseen difficulties, the integration process may require a disproportionate amount of Brooks management's attention and financial and other resources. Brooks' failure to adequately address these difficulties could harm its business and financial results.

BROOKS' BUSINESS MAY BE HARMED BY ACQUISITIONS BROOKS COMPLETES IN THE FUTURE.

Brooks plans to continue to pursue additional acquisitions of related businesses. Brooks' identification of suitable acquisition candidates involves risks inherent in assessing the values, strengths, weaknesses, risks and profitability of acquisition candidates, including the effects of the possible acquisition on Brooks' business, diversion of Brooks management's attention and risks associated with unanticipated problems or latent liabilities. If Brooks is successful in pursuing future acquisitions, Brooks may be required to expend significant funds, incur additional debt or issue additional securities, which may negatively affect Brooks' results of operations and be dilutive to its stockholders. If Brooks spends significant funds or incurs additional debt, Brooks' ability to obtain financing for working capital or other purposes could decline, and Brooks may be more vulnerable to economic downturns and competitive pressures. Brooks cannot guarantee that it will be able to finance additional acquisitions or that it will realize any anticipated benefits from acquisitions that Brooks completes. Should Brooks successfully acquire another business, the process of integrating acquired operations into Brooks' existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of Brooks' existing businesses.

36

BROOKS AUTOMATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - Continued

RISK FACTORS RELATING TO BROOKS' COMMON STOCK

BROOKS' OPERATING RESULTS FLUCTUATE SIGNIFICANTLY, WHICH COULD NEGATIVELY IMPACT ITS BUSINESS AND ITS STOCK PRICE.

Brooks' revenues, margins and other operating results can fluctuate significantly from quarter to quarter depending upon a variety of factors,

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

including:

- the level of demand for semiconductors in general;
- cycles in the market for semiconductor manufacturing equipment and automation software;
- the timing, rescheduling, cancellation and size of orders from Brooks' customer base;
- Brooks' ability to manufacture, test and deliver products in a timely and cost-effective manner;
- Brooks' success in winning competitions for orders;
- the timing of Brooks' new product announcements and releases and those of its competitors;
- the mix of products it sells;
- the timing of any acquisitions and related costs;
- competitive pricing pressures; and
- the level of automation required in fab extensions, upgrades and new facilities.

Brooks entered the factory automation software business in fiscal 1999. Brooks believes a substantial portion of its revenues from this business will depend on achieving project milestones. As a result, Brooks' revenue from this business will be subject to fluctuations depending upon a number of factors, including whether Brooks can achieve project milestones on a timely basis, if at all, as well as the timing and size of projects.

BROOKS' STOCK PRICE IS VOLATILE.

The market price of Brooks' common stock has fluctuated widely. For example, between April 4, 2001 and April 30, 2001, the closing price of Brooks' common stock rose from approximately \$35.45 to \$62.61 per share and between August 28, 2001 and September 28, 2001, the price of Brooks' common stock dropped from approximately \$48.15 to \$26.59 per share. Consequently, the current market price of Brooks' common stock may not be indicative of future market prices, and Brooks may be unable to sustain or increase the value of an investment in its common stock. Factors affecting Brooks' stock price may include:

- variations in operating results from quarter to quarter;
- changes in earnings estimates by analysts or Brooks' failure to meet analysts' expectations;
- changes in the market price per share of Brooks' public company customers;
- market conditions in the industry;
- general economic conditions;
- low trading volume of Brooks common stock; and
- the number of firms making a market in Brooks common stock.

In addition, the stock market has recently experienced extreme price and volume fluctuations. These fluctuations have particularly affected the market

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

prices of the securities of high technology companies like Brooks. These market fluctuations could adversely affect the market price of Brooks' common stock.

37

BROOKS AUTOMATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

BECAUSE A LIMITED NUMBER OF STOCKHOLDERS, INCLUDING A MEMBER OF BROOKS' MANAGEMENT TEAM, OWNS A SUBSTANTIAL NUMBER OF SHARES OF BROOKS COMMON STOCK AND ARE PARTIES TO VOTING AGREEMENTS, THEIR DECISIONS MAY BE DETRIMENTAL TO YOUR INTERESTS.

By virtue of their stock ownership and voting agreements, Robert J. Therrien, Brooks' president and chief executive officer, and Jenoptik AG have the power to significantly influence Brooks' affairs and are able to influence the outcome of matters required to be submitted to stockholders for approval, including the election of Brooks' directors, amendments to Brooks' certificate of incorporation, mergers, sales of assets and other acquisitions or sales. These stockholders may exercise their influence over Brooks in a manner detrimental to your interests. As of December 7, 2001, Mr. Therrien and M+W Zander Holding GmbH, a subsidiary of Jenoptik AG, beneficially owned approximately 9.7% of Brooks' common stock.

Brooks has a stockholders agreement with Mr. Therrien, M+W Zander Holding GmbH and Jenoptik AG under which M+W Zander Holding GmbH agreed to vote all of its shares on all matters in accordance with the recommendation of a majority of Brooks' board of directors.

PROVISIONS OF BROOKS' CERTIFICATE OF INCORPORATION, BYLAWS, CONTRACTS AND 4.75% CONVERTIBLE SUBORDINATED NOTES DUE 2008 MAY DISCOURAGE TAKEOVER OFFERS AND MAY LIMIT THE PRICE INVESTORS WOULD BE WILLING TO PAY FOR BROOKS' COMMON STOCK.

Brooks' certificate of incorporation and bylaws contain provisions that may make an acquisition of Brooks more difficult and discourage changes in Brooks' management. These provisions could limit the price that investors might be willing to pay for shares of Brooks' common stock. In addition, Brooks has adopted a shareholder rights plan. In many potential takeover situations, rights issued under the plan become exercisable to purchase Brooks common stock at a price substantially discounted from the then applicable market price of Brooks common stock. Because of its possible dilutive effect to a potential acquirer, the rights plan would generally discourage third parties from proposing a merger with or initiating a tender offer for us that is not approved by Brooks' board of directors. Accordingly, the rights plan could have an adverse impact on Brooks' stockholders who might want to vote in favor of a merger or participate in a tender offer. In addition, Brooks may issue shares of preferred stock upon terms the board of directors deems appropriate without stockholder approval. Brooks' ability to issue preferred stock in such a manner could enable its board of directors to prevent changes in its management or control. Finally, upon a change of control of Brooks, Brooks may be required to repurchase convertible subordinated notes at a price equal to 100% of the principal outstanding amount thereof, plus accrued and unpaid interest, if any, to the date of the repurchase. Such a repurchase of the notes would represent a substantial expense; accordingly, the repayment of the notes upon a change of control of Brooks could discourage third parties from proposing a merger with, initiating a tender offer for or otherwise attempting to gain control of Brooks.

BROOKS AUTOMATION, INC.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

INTEREST RATE EXPOSURE

Based on Brooks' overall interest exposure at December 31, 2001, including all interest rate-sensitive instruments, a near-term change in interest rates within a 95% confidence level based on historical interest rate movements would not materially affect the consolidated results of operations or financial position.

CURRENCY RATE EXPOSURE

Brooks' foreign revenues are generally denominated in United States dollars. Accordingly, foreign currency fluctuations have not had a significant impact on the comparison of the results of operations for the periods presented. The costs and expenses of Brooks' international subsidiaries are generally denominated in currencies other than the United States dollar. However, since the functional currency of Brooks' international subsidiaries is the local currency, foreign currency translation adjustments do not impact operating results, but instead are reflected as a component of stockholders' equity under the caption "Accumulated other comprehensive income (loss)". To the extent Brooks expands its international operations or changes its pricing practices to denominate prices in foreign currencies, Brooks will be exposed to increased risk of currency fluctuation.

BROOKS AUTOMATION, INC.

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) The following exhibits are included herein:

Exhibit No. -----	Description -----
	None

- (b) The following reports on Form 8-K were filed during the quarterly period ended December 31, 2001:
- (1) Current Report on Form 8-K filed on October 19, 2001, relating to the Company's acquisition of General Precision, Inc.
 - (2) Current Report on Form 8-K filed on October 23, 2001, relating to the Company's acquisition of Tec-Sem A.G.
 - (3) Current Report on Form 8-K filed on October 26, 2001, relating to the announcement of the Company's entering into an Agreement and Plan of Merger with PRI Automation, Inc. ("PRI") to acquire PRI.

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

- (4) Current Report on Form 8-K/A, Amendment No. 1 to Form 8-K, filed on December 7, 2001, relating to the Company's acquisition of General Precision, Inc.
- (i) The following audited financial statements of General Precision, Inc. were filed with the Form 8-K/A:
- Report of Independent Accountants
 - Balance Sheets as of June 30, 2001 and December 31, 2000
 - Statements of Operations for the six months ended June 30, 2001 and the year ended December 31, 2000
 - Statements of Shareholder's Equity for the six months ended June 30, 2001 and the year ended December 31, 2000
 - Statements of Cash Flows for the six months ended June 30, 2001 and the year ended December 31, 2000
 - Notes to the Audited Financial Statements
- (ii) The following unaudited pro forma financial information giving effect to the acquisition of General Precision as if the transaction had occurred on June 30, 2001 for purposes of the balance sheet and October 1, 1999 for purposes of the statement of operations was filed with the Form 8-K/A:
- Pro Forma Combined Condensed Balance Sheet as of June 30, 2001
 - Pro Forma Combined Condensed Statement of Operations for the nine months ended June 30, 2001
 - Pro Forma Combined Condensed Statement of Operations for the year ended September 30, 2000
 - Notes to Pro Forma Combined Condensed Financial Statements

40

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.

Edgar Filing: BROOKS AUTOMATION INC - Form 10-Q/A

DATE: April 3, 2002

/s/ Ellen B. Richstone

Ellen B. Richstone
Senior Vice President of Finance and
Administration and Chief Financial Officer
(Principal Financial Officer)

41

EXHIBIT INDEX

Exhibit No. -----	Description -----
	None

42