
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): **May 15, 2012**

NETLIST, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-33170
(Commission
File Number)

95-4812784
(IRS Employer
Identification Number)

51 Discovery, Suite 150
Irvine, California 92618
(Address of Principal Executive Offices)

(949) 435-0025
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On May 15, 2012, Netlist, Inc. (the “Company”) issued a press release announcing the Company’s results of operations for the quarter ended March 31, 2012. The press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein in its entirety.

The information included in this Item 2.02 of Current Report on Form 8-K, including the attached Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits .

| Exhibit Number | Description |
|---------------------------|-----------------------------------|
| 99.1 | Press Release, dated May 15, 2012 |

SIGNATURE

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

NETLIST, INC.

Date: May 15, 2012

By: /s/ Gail M. Sasaki
Gail M. Sasaki
Vice President and Chief Financial Officer



NETLIST

NETLIST REPORTS FIRST QUARTER 2012 RESULTS

IRVINE, CALIFORNIA, May 15, 2012 - Netlist, Inc. (NASDAQ: NLST), a designer and manufacturer of high-performance memory subsystems, today reported financial results for the first quarter ended March 31, 2012.

Revenues for the three months ended March 31, 2012, were \$14.0 million, up 16 percent from revenues of \$12.0 million for the first quarter ended April 2, 2011. Gross profit for the three months ended March 31, 2012, was \$5.4 million, or 39 percent of revenues, compared to a gross profit of \$3.8 million, or 32 percent of revenues, for the three months ended April 2, 2011, an increase of 43 percent for the period.

Adjusted EBITDA income (Earnings Before Interest, Taxes, Depreciation and Amortization) after adding back net interest expense, provision for income taxes, depreciation, amortization, stock-based compensation and net non-operating expense (income) was \$43,000 for the three month period ended March 31, 2012, compared to an adjusted EBITDA loss of \$1.9 million for the prior year period.

Net loss for the three months ended March 31, 2012, was \$1.1 million, or \$0.04 loss per share, compared to a net loss in the prior year period of \$2.8 million, or \$0.11 loss per share. These results include stock-based compensation expense of \$523,000 for the first quarter of 2012, compared to \$353,000 for the first quarter of 2011.

“HyperCloud (HCDIMM) is now available to ship with the world’s top three high volume servers, and we are working closely with our OEM partners, HP and IBM, to introduce HCDIMMs to end-market users,” said C.K. Hong, Chief Executive Officer of Netlist. “Even as we ramp-up HyperCloud and other new products in order to meet the anticipated rise in demand in the second half of the year, we have maintained a disciplined approach to managing our overall costs. As a result, we were able to expand our gross profit and achieve adjusted EBITDA break-even in the quarter. Looking ahead, beyond the impact of the near-term transitional phase on our top line results, we are well positioned for future growth as we begin to fully leverage our technologies in the fast growing cloud computing market.”

As of March 31, 2012, cash, cash equivalents, and investments in marketable securities were \$14.3 million, total assets were \$36.9 million, working capital was \$21.0 million, total debt was \$2.8 million, and stockholders’ equity was \$23.4 million.

Conference Call Information

As previously announced, Netlist is conducting a conference call today to be broadcast live over the Internet at 5:00 pm Eastern Time to discuss and review the financial results for the first quarter ended March 31, 2012. The dial-in number for the call is 1-800-860-2442. The live webcast and archived replay of the call can be accessed in the Investors section of Netlist's website at www.netlist.com.

Note Regarding Use of Non-GAAP Financial Measures

Certain of the information set forth herein, including EBITDA and adjusted EBITDA, may be considered non-GAAP financial measures. Netlist believes this information is useful to investors because it provides a basis for measuring Netlist's available capital resources, the operating performance of Netlist's business and Netlist's cash flow, excluding net interest expense, provisions for income taxes, depreciation, amortization, share-based compensation and non-operating net income and expense that would normally be included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles. Netlist's management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measures in evaluating Netlist's operating performance, capital resources and cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-financial measures as reported by Netlist may not be comparable to similarly titled amounts reported by other companies.

About Netlist:

Netlist, Inc. designs and manufactures high-performance, logic-based memory subsystems for server and storage applications for cloud computing. Netlist's flagship products include HyperCloud™, a patented memory technology that breaks traditional memory barriers, NVvault™ family of products that enables data retention during power interruption, EXPRESSvault™, a PCI Express backup/recovery solution for cache data protection and a broad portfolio of industrial Flash and specialty memory subsystems including VLP (very low profile) DIMMs and Planar-X RDIMMs.

Netlist develops technology solutions for customer applications in which high-speed, high-capacity, small form factor and heat dissipation are key requirements for system memory. These customers include OEMs that design and build tower, rack-mounted, and blade servers, high-performance computing clusters, engineering workstations and telecommunications equipment. Founded in 2000, Netlist is headquartered in Irvine, CA with manufacturing facilities in Suzhou, People's Republic of China and an engineering design center in Silicon Valley, CA. Learn more at www.netlist.com.

Safe Harbor Statement:

This news release contains forward-looking statements regarding future events and the future performance of Netlist. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expected or projected. These risks and uncertainties include, but are not limited to, risks associated with the launch and commercial success of our products, programs and technologies; the success of product partnerships; continuing development, qualification and volume production of EXPRESSvault™, NVvault™, HyperCloud™ and VLP Planar-X RDIMM; the timing and magnitude of the anticipated decrease in sales to our key customer; our ability to leverage our NVvault™ technology in a more diverse customer base; the rapidly-changing nature of technology; risks associated with intellectual property, including the costs and unpredictability of litigation over infringement of our intellectual property and the possibility of the Company's patents being re-examined by the United States Patent and Trademark office ; volatility in the pricing of DRAM ICs and NAND; changes in and uncertainty of customer acceptance of, and demand for, our existing products and products under development, including uncertainty of and/or delays in product orders and product qualifications; delays in the Company's and its customers' product releases and development; introductions of new products by competitors; changes in end-user demand for technology solutions; the Company's ability to attract and retain skilled personnel; the Company's reliance on suppliers of critical components and vendors in the supply chain; fluctuations in the market price of critical components; evolving industry standards; and the political and regulatory environment in the People's Republic of China. Other risks and uncertainties are described in the Company's annual report on Form 10-K filed on February 28, 2012, and subsequent filings with the U.S. Securities and Exchange Commission made by the Company from time to time. Except as required by law, Netlist undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

(Tables Follow)

For more information, please contact:

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Netlist, Inc.
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Netlist, Inc.
Unaudited Condensed Consolidated Balance Sheets
(in thousands)

| | <u>March 31,</u> <u>2012</u> | <u>December 31,</u> <u>2011</u> |
|---|---------------------------------|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 13,874 | \$ 10,535 |
| Accounts receivable, net | 10,333 | 11,399 |
| Inventories | 7,704 | 6,057 |
| Prepaid expenses and other current assets | 1,806 | 806 |
| Total current assets | <u>33,717</u> | <u>28,797</u> |
| Property and equipment, net | 2,563 | 2,771 |
| Long-term investments in marketable securities | 451 | 444 |
| Other assets | 128 | 161 |
| Total assets | <u>\$ 36,859</u> | <u>\$ 32,173</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 7,225 | \$ 6,155 |
| Accrued payroll and related liabilities | 1,625 | 1,813 |
| Accrued expenses and other current liabilities | 1,191 | 460 |
| Accrued engineering charges | 450 | 450 |
| Current portion of long-term debt | 995 | 2,144 |
| Total current liabilities | <u>11,486</u> | <u>11,022</u> |
| Long-term debt, net of current portion | 1,850 | 1,118 |
| Other liabilities | 80 | 94 |
| Total liabilities | <u>13,416</u> | <u>12,234</u> |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, \$0.001 par value - 90,000 shares authorized; 28,275 (2012) and 26,390 (2011) shares issued and outstanding | 28 | 26 |
| Additional paid-in capital | 97,285 | 92,709 |
| Accumulated deficit | (73,821) | (72,740) |
| Accumulated other comprehensive loss | (49) | (56) |
| Total stockholders' equity | <u>23,443</u> | <u>19,939</u> |
| Total liabilities and stockholders' equity | <u>\$ 36,859</u> | <u>\$ 32,173</u> |

Netlist, Inc.
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)

| | Quarter Ended | |
|---|-------------------|------------------|
| | March 31, 2012 | April 2, 2011 |
| Net sales | \$ 13,967 | \$ 12,000 |
| Cost of sales(1) | 8,531 | 8,196 |
| Gross profit | 5,436 | 3,804 |
| Operating expenses: | | |
| Research and development(1) | 3,842 | 3,684 |
| Selling, general and administrative(1) | 2,609 | 2,917 |
| Total operating expenses | 6,451 | 6,601 |
| Operating loss | (1,015) | (2,797) |
| Other (expense) income: | | |
| Interest expense, net | (71) | (25) |
| Other income, net | 5 | — |
| Total other expense, net | (66) | (25) |
| Loss before provision for income taxes | (1,081) | (2,822) |
| Provision for income taxes | — | — |
| Net loss | \$ (1,081) | \$ (2,822) |
| Net loss per common share: | | |
| Basic and diluted | \$ (0.04) | \$ (0.11) |
| Weighted-average common shares outstanding: | | |
| Basic and diluted | 26,729 | 24,881 |

(1) Amounts include stock-based compensation expense as follows:

| | | |
|-------------------------------------|-------|-------|
| Cost of sales | \$ 35 | \$ 13 |
| Research and development | 192 | 142 |
| Selling, general and administrative | 296 | 198 |

Netlist, Inc.
Schedule Reconciling GAAP Net Loss to Non-GAAP EBITDA and Adjusted EBITDA
(in thousands)

| | Quarter Ended | |
|-------------------------------|-------------------|-------------------|
| | March 31, 2012 | April 2, 2011 |
| GAAP net loss | \$ (1,081) | \$ (2,822) |
| Interest expense, net | 71 | 25 |
| Provision for income taxes | — | — |
| Depreciation and amortization | 535 | 581 |
| EBITDA | (475) | (2,216) |
| Stock-based compensation | 523 | 353 |
| Other expense (income), net | (5) | — |
| Adjusted EBITDA | \$ 43 | \$ (1,863) |

The table above reconciles net loss to EBITDA and Adjusted EBITDA. EBITDA is defined as net loss before net interest expense, income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA before net non-operating expense (income) and stock-based compensation expense. Although EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with GAAP, management believes that it is useful to Netlist, Inc. and to an investor in evaluating the Company because it is a widely used measure to evaluate a company's operating performance.