

Lam Research Corporation Announces Earnings for the Quarter Ended June 25, 2006

FREMONT, Calif., July 19, 2006--Lam Research Corporation (NASDAQ: LRCX) highlights for the June 2006 quarter were:

Lam Research Corporation today announced earnings for the quarter ended June 25, 2006. Revenue for the period was \$525.6 million and net income was \$122.1 million, or \$0.84 per diluted share, compared to revenue of \$437.4 million and net income of \$86.3 million, or \$0.60 per diluted share for the March 2006 quarter. Ongoing net income increased to \$139.0 million, or \$0.96 per diluted share in the June 2006 quarter compared with ongoing net income of \$93.7 million, or \$0.65 per diluted share, for the March 2006 quarter.

Gross margin for the June 2006 quarter was \$274.2 million compared to gross margin of \$219.7 million for the March 2006 quarter. Gross margin as a percent of revenue for the June 2006 quarter increased to 52.2 percent compared to 50.2 percent in the March 2006 quarter primarily due to product mix, revenue growth, and improved utilization of factory and field resources. Operating expenses increased during the quarter as planned to \$114.7 million compared to operating expenses of \$109.4 million for the March 2006 quarter. Equity compensation expense in the June 2006 quarter recorded in cost of goods sold and operating expenses was \$1.2 million and \$4.2 million, respectively.

The Company believes the presentation of ongoing results, which excludes certain special items, is useful for analyzing ongoing business trends. A table presenting a reconciliation of ongoing performance to results under U.S. GAAP is included at the end of this press release and on the Company's web site. The June and March 2006 quarters' ongoing presentation removes the effect of tax expense associated with the Company's decision to repatriate foreign earnings of \$350 million and \$150 million, respectively, under the provisions of the American Jobs Creation Act.

New orders recorded in backlog increased 23 percent sequentially to \$640 million. The geographic distribution of new orders and revenue during the June 2006 quarter is shown in the following table:

Cash and cash equivalents, short-term investments and restricted cash and investments balances were \$1.5 billion at the end of June, and cash flows provided by operating activities were \$92.3 million during the quarter. Condensed Consolidated Statements of Cash Flows are included at the end of this press release. Deferred revenue and deferred profit balances were \$229.7 million and \$140.1 million, respectively. At the end of the period, unshipped orders in backlog were approximately \$521 million, and the anticipated future revenue value of orders shipped from backlog to Japanese customers that are not recorded as deferred revenue was approximately \$74 million.

"We are pleased with the results for the June quarter," stated Steve Newberry, Lam's president and chief executive officer. "Our market share gains and the increased capital investment by our customers drove our new orders substantially above expectations. Our financial results in June demonstrate our commitment to delivering profitable market share growth, with operating margins at 30 percent for the quarter. In addition, our total net cash balance at \$1.2 billion is at the highest level ever recorded by the Company."

"The Company hosted an Analyst and Investor Meeting during last week's SEMICON[®] West industry trade show. During that meeting, we outlined our key areas of focus: executing to the near-term needs of our customers, extending our market leadership in etch, leveraging our global etch knowledge into adjacent markets, and delivering best-in-class financial performance. We believe we are well positioned to deliver strong results in all four areas as we go forward over the next few years," Newberry concluded.

Statements made in this press release which are not statements of historical fact are forward-looking statements and are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate, but are not limited, to expectations of future market share gains in etch and adjacent markets, additional opportunities for growth, the level of our financial performance in relation to comparable companies, our key areas of focus and our ability to deliver strong results in the future. Some factors that may affect these forward-looking statements include: changing business conditions in the semiconductor industry and the overall economy and our plans for reacting to those changes, changing customer demands, success of our competitors' strategies including development of new technologies by our competitors that could affect our market share, our ability to compete successfully in the market segments adjacent to etch, and the success of our research and development programs. These forward-looking statements are based on current expectations and are subject to uncertainties and changes in condition, significance, value and effect as well as other risks detailed in documents filed with the Securities and Exchange Commission, including specifically the report on Form 10-K for the year ended June 26, 2005, and Form 10-Q for the quarter ended March 26, 2006, which could cause actual results to vary from expectations. The Company undertakes no obligation to update the information or statements made in this press release.

Lam Research Corporation is a major provider of wafer fabrication equipment and services to the world's semiconductor industry. Lam's common stock trades on The NASDAQ Global Select MarketSM under the symbol LRCX. Lam is a NASDAQ-100[®] company. The Company's World Wide Web address is <http://www.lamresearch.com>.

Lam Research Corporation Contact:
Kathleen Bela, Investor Relations, phone: 510/572-4566, e-mail: kathleen.bela@lamresearch.com

View Financial Tables

- [View HTML](#)
- [Download Excel](#)
- [Download PDF](#)

<https://newsroom.lamresearch.com/2006-07-19-Lam-Research-Corporation-Announces-Earnings-for-the-Quarter-Ended-June-25,-2006>