

# Lam Research Corporation Announces Earnings for the Quarter Ended September 28, 2008

## Supporting Materials:

[LAM-110508-image-4.gif](#)

[LAM-110508-image-6.gif](#)

[LAM-110508-image-2.gif](#)

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FREMONT, Calif., October 22, 2008 -Lam Research Corporation (NASDAQ: LRCX) highlights for the September 2008 quarter were:

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Lam Research Corporation today announced earnings for the quarter ended September 28, 2008. Revenue for the period was \$440.4 million, gross margin was \$183.1 million and net income was \$8.9 million, or \$0.07 per diluted share, compared to revenue of \$566.2 million, gross margin of \$234.7 million and net income of \$72.2 million, or \$0.57 per diluted share for the June 2008 quarter. Shipments for the September 2008 quarter were \$345 million compared to \$495 million during the June 2008 quarter.

The Company's ongoing results for the September quarter exclude certain costs for restructuring activities and asset impairments related to the integration of SEZ, net tax expense on accelerated tax planning strategy, and interest on the tax liability associated with the outcome of our previously disclosed voluntary internal stock option review. The Company's June 2008 quarter excluded certain SEZ integration costs, a net foreign tax benefit, foreign currency gains on the purchase of SEZ, and costs associated with our voluntary internal stock option review. Management uses the presentation of ongoing gross margin, ongoing operating income, ongoing net income, and ongoing diluted earnings per share to evaluate the Company's operating and financial results. The Company believes the presentation of ongoing results is useful to investors for analyzing ongoing business trends and comparing performance to prior periods, and enhances the investor's ability to view the Company's results from management's perspective. A table presenting a reconciliation of ongoing results to results under U.S. GAAP is included at the end of this press release and on the Company's web site.

Ongoing net income was \$32.6 million, or \$0.26 per diluted share in the September 2008 quarter compared to ongoing net income of \$75.8 million, or \$0.60 per diluted share, for the June 2008 quarter. Ongoing gross margin for the September 2008 quarter was \$186.2 million or 42.3%, compared to ongoing gross margin of \$247.3 million, or 43.7%, for the June 2008 quarter. The sequential decline in gross margin was primarily due to reduced factory utilization levels consistent with reduced business activity. Ongoing operating expenses for the September 2008 quarter decreased to \$149.9 million compared with the June 2008 quarter of \$160.7 million. This decrease was primarily due to savings realized from the June quarter restructuring activities and a significant decrease in all-employee variable compensation on lower profit levels.

The geographic distribution of shipments and revenue during the September 2008 quarter is shown in the following table:

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Cash and cash equivalents, short-term investments and restricted cash and investments balances remained at approximately \$1.2 billion at the end of the September 2008 quarter, similar to the level at the end of the June 2008 quarter. Cash flows from operating activities were approximately \$43 million during the September quarter. Deferred revenue and deferred profit balances at the end of the September 2008 quarter were \$103.5 million and \$76.4 million, respectively. At the end of the September 2008 quarter, the anticipated future revenue value of orders shipped to Japanese customers that was not recorded as deferred revenue was approximately \$41 million.

"Our September quarter results reflect the challenging environment for semiconductor equipment and the worsening conditions throughout the global economy," said Steve Newberry, Lam's president and chief executive officer. "While the length and volatility of this downturn are unpredictable at this time, we remain focused on our ability to deliver long term sustainable growth while implementing appropriate actions consistent with our shorter term financial objectives. We are managing through the current weakness by making effective use of our strong balance sheet and significant cash position to make targeted, strategic investments while also prudently managing our operating expense structure. We believe these efforts will help us emerge from the present environment in a strong position to enable future revenue and profit growth," 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 our future plans and areas of focus, our expectations for our ability to deliver long term growth, our belief that our efforts will help us emerge from the current environment in a strong position to enable future revenue and profit growth, and the future revenue value of orders shipped to Japanese customers. Some factors that may affect these forward-looking statements include: changing business conditions in the semiconductor industry and the overall economy and the efficacy of our plans for reacting to those changes, changing customer demands, and the challenges presented by our new products and the integration of acquired businesses and technologies into our existing business. 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 29, 2008, 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 Market SM under the symbol LRCX. Lam is a NASDAQ-100 ® company. For more information, visit [www.lamresearch.com](http://www.lamresearch.com).

Consolidated Financial Tables Follow

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