

Lam Research Corporation Announces Financial Results for the Quarter Ended March 29, 2009

Supporting Materials:

[LAM Image 2.gif](#)

[LAM Image 3.gif](#)

[LAM Image 1.gif](#)

[LAM Image 5.gif](#)

[LAM Image 6.gif](#)

[LAM Image 4.gif](#)

FREMONT, Calif., April 22, 2009 -Lam Research Corporation (NASDAQ: LRCX) highlights for the March 2009 quarter were:

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Lam Research Corporation today announced financial results for the quarter ended March 29, 2009. Revenue for the period was \$174.4 million, gross margin was \$36.5 million and net loss was \$(198.4) million, or \$(1.58) per diluted share, compared to revenue of \$283.4 million, gross margin of \$101.4 million and net loss of \$(24.2) million, or \$(0.19) per diluted share, for the December 2008 quarter. Shipments for the March 2009 quarter were \$159 million compared to \$226 million during the December 2008 quarter.

As a result of a combination of factors, including the current economic environment, a sustained decline in the Company's market valuation and a decline in the Company's operating results, the Company has concluded that the fair value of its Clean Product Group has been reduced below its carrying value. As a result, the Company has recorded a non-cash goodwill impairment charge of approximately \$89.1 million during the March 2009 quarter. The goodwill impairment charge is based on the Company's current best estimate. If there is a change to this estimate, it will be reflected in the March 2009 quarter financial statements included in the Company's quarterly report on Form 10-Q for the quarter ended March 29, 2009, which is anticipated to be filed on or before May 8, 2009.

The Company's ongoing results for the March 2009 quarter exclude certain costs for previously announced restructuring activities and asset impairments, the goodwill impairment charge noted above, a net tax expense for a change in state tax law, a net tax expense and an exchange rate gain associated with the Company's accelerated tax planning strategy, an investment impairment, and interest on the tax liability associated with the outcome of the Company's previously disclosed voluntary internal stock option review. The Company's ongoing results for the December 2008 quarter excluded certain costs for restructuring activities and asset impairments, a net tax benefit related to the renewal of the research and development tax credit, net tax expense on resolution of certain tax items, one-time costs associated with the restructuring of an employee benefit plan, a net tax benefit and an exchange rate loss associated with the Company's accelerated tax planning strategy, and interest on the tax liability associated with the outcome of the Company's previously disclosed voluntary internal stock option review. Management uses the presentation of ongoing gross margin, ongoing operating expenses, ongoing operating loss, ongoing net loss, and ongoing net loss per diluted 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 loss was \$(89.8) million, or \$(0.71) per diluted share in the March 2009 quarter compared to ongoing net loss of \$(11.7) million, or \$(0.09) per diluted share, for the December 2008 quarter. Ongoing gross margin for the March 2009 quarter was \$46.7 million or 26.8%, compared to ongoing gross margin of \$109.1 million, or 38.5%, for the December 2008 quarter. The sequential decline in gross margin was primarily due to lower manufacturing and field utilization levels resulting from reduced business activity as well as product mix. Ongoing operating expenses for the March 2009 quarter increased to \$128.9 million compared with the December 2008 quarter of \$126.5 million. This increase was driven by additional accounts receivables reserves for specific distressed customers, partially offset by a reduction in employee expenses as a result of restructuring and other cost-savings activities.

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The geographic distribution of shipments and revenue during the March 2009 quarter is shown in the following table:

Cash and cash equivalents, short-term investments and restricted cash and investments balances were \$806.4 million at the end of the March 2009 quarter, compared to \$1.1 billion at the end of the December 2008 quarter. The Company paid the outstanding principal balance of \$237.5 million of its long-term debt during the March 2009 quarter. Cash flows from operating activities were approximately \$(24.2) million during the March 2009 quarter. Deferred revenue and deferred profit balances at the end of the March 2009 quarter were \$43.7 million and \$36.1 million, respectively. Our deferred revenue balance does not include shipments to Japanese customers, to whom title does not transfer until customer acceptance. Shipments to Japanese customers are classified as inventory at cost until the time of acceptance. The anticipated future revenue from shipments to Japanese customers was approximately \$7.5 million as of March 29, 2009.

"We are developing next-generation technology solutions alongside our customers and are continuing to win new application tool selection decisions in both etch and clean at the leading-edge technology nodes. We are fortunate to have a strong balance sheet with sufficient cash to: continue making investments in key R&D programs, place next-generation tools at customer sites for joint development projects and evaluations, and deploy inventories to meet short-term shipment requirements as well as respond to any future increases in demand," said Steve Newberry, Lam's president and chief executive officer. "Our focus remains on investing in strategic opportunities while aggressively managing the cost structure and cash expenditures of the Company. This will enhance our ability to meet the expectations and needs of our customers and strengthen our market position for the next upturn," Newberry concluded.

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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 estimate of the goodwill impairment charge, the anticipated revenue from shipments to Japanese customers, the potential uses of our cash and other assets, and our ability to develop next generation technology solutions, win new application tool selection decisions in both etch and clean, continue to be able to invest in research and development, place next-generation tools at customer sites, be successful in deploying our inventory to meet demand, focus on and invest in strategic opportunities, be successful in managing our cost structure and cash expenditures, meet the expectations and needs of our customers, and strengthen our market position. Some factors that may affect these forward-looking statements include: difficult business conditions in the semiconductor industry and the overall economy and the efficacy of our plans for reacting to those conditions, factors that tend to make our quarterly results more volatile (such as exchange rate fluctuations), changing customer demands, the actions of our competitors, and the challenges presented by the development and marketing of 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, and Form 10-Q for the quarters ended September 28, 2008 and December 28, 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.

Consolidated Financial Tables Follow

¹ Derived from audited financial statements

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