

# Lam Research Corporation Announces Financial Results for the Quarter Ended March 28, 2010

FREMONT, Calif., Apr 21, 2010 (BUSINESS WIRE) -- Lam Research Corporation (NASDAQ:LRCX) highlights for the March 2010 quarter were:

## U.S. GAAP/Ongoing

(in thousands, except per share data and percentage)

- Revenue:	\$	632,763	
- Operating Margin:		23.6	%
- Net Income:	\$	120,301	
- Diluted EPS:	\$	0.94	

Lam Research Corporation today announced financial results for the quarter ended March 28, 2010. Revenue for the period was \$632.8 million, gross margin was \$292.9 million and net income was \$120.3 million, or \$0.94 per diluted share, compared to revenue of \$487.2 million, gross margin of \$223.2 million and net income of \$69.6 million, or \$0.54 per diluted share, for the December 2009 quarter. Shipments for the March 2010 quarter were \$735 million compared to \$519 million during the December 2009 quarter.

The Company's ongoing results for the December 2009 quarter excluded certain costs for previously announced restructuring activities, the reversal of accrued liabilities due to final settlement of the remaining liabilities for Internal Revenue Code Section 409A related expenses, and the impairment of an investment. There were no adjustments to U.S. GAAP results to determine "ongoing" results for the March 2010 quarter. Management uses the presentation of ongoing gross margin, ongoing operating expenses, ongoing operating income, ongoing operating margin, ongoing net income, and ongoing net income 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 business trends and comparing performance to prior periods, along with enhancing 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 \$120.3 million, or \$0.94 per diluted share in the March 2010 quarter compared to ongoing net income of \$60.7 million, or \$0.47 per diluted share, for the December 2009 quarter. Ongoing gross margin for the March 2010 quarter was \$292.9 million or 46.3%, compared to ongoing gross margin of \$218.5 million, or 44.8%, for the December 2009 quarter. The sequential increase in gross margin was primarily due to improved factory utilization as a result of increased business volume and a more favorable product mix. Ongoing operating expenses for the March 2010 quarter remained essentially flat compared with the December 2009 quarter.

## Lam Announces Financial Results for the March 2010 Quarter

The geographic distribution of shipments and revenue during the March 2010 quarter is shown in the following table:

Region	Shipments		Revenue	
North America	8	%	10	%
Europe	5	%	6	%
Japan	11	%	11	%
Korea	27	%	24	%
Taiwan	37	%	33	%
Asia Pacific	12	%	16	%

Cash and cash equivalents, short-term investments and restricted cash and investments balances were \$843.8 million at the end of the March 2010 quarter, compared to \$830.6 million at the end of the December 2009 quarter. Cash flows from operating activities were approximately \$109.3 million during the March 2010 quarter. Deferred revenue and deferred profit balances at the end of the March 2010 quarter were \$238.4 million and \$138.2 million, respectively. Lam's 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 \$23 million as of March 28, 2010.

"Shipments for the March 2010 quarter represented an all-time high for Lam Research reflecting market share gains in both our etch and clean businesses, supported by strong operational performance of the factory and supply chain," said Steve Newberry, Lam's president and chief executive officer. "The continued success of the spin-clean business, evidenced by the recent shipment of our 3,000<sup>th</sup> spin-clean process chamber, is complemented by our linear-clean and plasma-based bevel clean technologies. Our clean products represent a technology and productivity leadership portfolio that is advancing the success of our adjacent-market growth strategy," Newberry concluded.

## Lam Announces Financial Results for the March 2010 Quarter

Statements made in this press release that 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 the anticipated revenue from shipments to Japanese customers, the continued success of our spin-clean business, and our continued ability to maintain strong operational performance of our factory and supply chain and to execute successfully our adjacent market growth strategy. Some factors that may affect these forward-looking statements include: business conditions in the semiconductor industry and the overall economy; the efficacy of Lam's plans for reacting to those conditions; changing customer demands; the actions of Lam's competitors; and the challenges presented by the development and marketing of new products. 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 by us with the Securities and Exchange Commission, including specifically our report on Form 10-K for the year ended June 28, 2009 and the reports on Form 10-Q for the three months ended September 27, 2009 and December 27, 2009. These uncertainties and changes 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<sup>SM</sup> under the symbol LRCX. Lam is a NASDAQ-100(R) company. For more information, visit [www.lamresearch.com](http://www.lamresearch.com).

LAM RESEARCH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data and percentages)

(unaudited)

[illegible]

in per share  
calculations:

Basic	127,307	127,296	125,566	127,127
Diluted	128,587	128,829	125,566	128,368

LAM RESEARCH CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	March 28,	December 27,	June 28,
	2010	2009	2009
	(unaudited)	(unaudited)	(1)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 461,369	\$ 430,166	\$ 374,167
Short-term investments	217,178	215,567	205,221
Accounts receivable, net	521,810	420,486	253,585
Inventories	281,469	241,296	233,410
Deferred income taxes	49,363	47,984	69,043
Other current assets	73,546	79,482	101,714
Total current assets	1,604,735	1,434,981	1,237,140
Property and equipment, net	203,037	205,089	215,666
Restricted cash and investments	165,284	184,913	178,439
Deferred income taxes	14,380	16,399	17,007
Goodwill and intangible assets	242,868	248,838	260,787
Other assets	94,055	94,622	84,145
Total assets	\$ 2,324,359	\$ 2,184,842	\$ 1,993,184

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	\$ 533,361	\$ 445,243	\$ 382,076
Long-term debt and capital leases	\$ 20,314	\$ 35,145	\$ 40,886
Income taxes payable	113,364	107,273	102,999
Other long-term liabilities	12,872	12,397	14,134
Stockholders' equity	1,644,448	1,584,784	1,453,089
Total liabilities and stockholders' equity	\$ 2,324,359	\$ 2,184,842	\$ 1,993,184

1 Derived from audited financial statements

LAM RESEARCH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

Three Months Ended			Nine Months Ended		
	March 28,	December 27,	March 29,	March 28,	March
	2010	2009	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	\$ 120,301	\$ 69,574	\$ (198,359 )	\$ 206,672	\$
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	17,872	18,184	19,650	53,737	
Deferred income taxes	640	9,229	12,929	22,351	
Restructuring charges, net	-	5,919	23,245	8,012	
Goodwill Impairment	-	-	89,076	-	
Equity-based compensation expense	10,917	13,259	10,227	38,134	
Income tax benefit on equity-based compensation plans	477	303	(11,115 )	691	
Excess tax benefit on equity-based compensation plans	(370 )	(235 )	7,027	(973 )	
Other, net	1,210	173	953	2,542	
Changes in operating asset and liabilities:	(41,781 )	(43,096 )	22,215	(145,886 )	
Net cash provided by (used for) operating activities	109,266	73,310	(24,152 )	185,280	
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures and intangible assets	(10,823 )	(6,893 )	(10,866 )	(23,548 )	
Acquisitions of businesses, net of cash acquired	-	-	(11,706 )	-	
Net sales/maturities (purchases) of available-for-sale securities	(3,238 )	(1,016 )	33,961	(14,029 )	
Purchase of other investments	-	-	-	(961 )	
Transfer of restricted cash	19,629	97	558	13,155	

and investments								
Other	-	-	(8,375	)	-			
Net cash provided by (used for) investing activities	5,568	(7,812	)	3,572	(25,383	)		
CASH FLOWS FROM FINANCING ACTIVITIES:								
Principal payments on long-term debt and capital lease obligations	(17,820	)	(689	)	(239,703	)	(20,424	)
Net proceeds from issuance of long-term debt	-	52	-	336				
Excess tax benefit on equity-based compensation plans	370	235	(7,027	)	973			
Treasury stock purchases	(72,240	)	(576	)	(546	)	(75,172	)
Reissuances of treasury stock	5,518	-	5,942	11,279				
Proceeds from issuance of common stock	1,441	4,126	1,283	7,823				
Net cash provided by (used for) financing activities	(82,731	)	3,148	(240,051	)	(75,185	)	
Effect of exchange rate changes on cash	(900	)	357	(17,634	)	2,490		
Net increase (decrease) in cash and cash equivalents	31,203	69,003	(278,265	)	87,202			
Cash and cash equivalents at beginning of period	430,166	361,163	652,913	374,167				
Cash and cash equivalents at end of period	\$ 461,369	\$ 430,166	\$ 374,648	\$ 461,369	\$			

Reconciliation of U.S. GAAP Net Income to Ongoing Net Income
(in thousands, except per share data)
(unaudited)

	Three Months Ended	Three Months Ended
	March 28,	December 27,
	2010	2009
U.S. GAAP net income	\$ 120,301	\$ 69,574
Pre-tax non-ongoing items:		
Restructuring and asset impairments - operating expenses	-	5,919

409A expense - cost of goods sold	-	(4,713)	)
409A expense - operating expenses	-	(16,345)	)
Impairment of investment - other income (expense), net	-	927	
Net tax expense on non-ongoing items	-	5,352	
Ongoing net income	\$	120,301	\$ 60,714
Ongoing net income per diluted share	\$	0.94	\$ 0.47
Number of shares used for diluted per share calculation	128,587		128,829

Reconciliation of U.S. GAAP Gross Margin, Operating Expenses and Operating Income to Ongoing Gross Margin, Operating Expenses and Operating Income

(in thousands, except percentages)

(unaudited)

	Three Months Ended		Three Months Ended	
	March 28,		December 27,	
	2010		2009	
U.S. GAAP gross margin	\$	292,871	\$	223,204
Pre-tax non-ongoing items:				
Pre-tax 409A expense - cost of goods sold	-		(4,713)	)
Ongoing gross margin	\$	292,871	\$	218,491
U.S. GAAP gross margin as a percent of revenue	46.3	%	45.8	%
Ongoing gross margin as a percent of revenue	46.3	%	44.8	%
U.S. GAAP operating expenses	\$	143,778	\$	131,856
Pre-tax non-ongoing items:				
Restructuring and asset impairments - operating expenses	-		(5,919)	)
409A expense - operating expenses	-		16,345	
Ongoing operating expenses	\$	143,778	\$	142,282
Ongoing operating income	\$	149,093	\$	76,209
Ongoing operating margin as a percent of revenue	23.6	%	15.6	%

SOURCE: Lam Research Corporation

Lam Research Corporation  
Carol Raeburn, 510-572-4450  
Managing Director, Investor Relations  
[carol.raeburn@lamresearch.com](mailto:carol.raeburn@lamresearch.com)

Copyright Business Wire 2010

<https://newsroom.lamresearch.com/2010-04-21-Lam-Research-Corporation-Announces-Financial-Results-for-the-Quarter-Ended-March-28,-2010>