

- Delivered shipments of \$896 million during the March 2013 quarter, up 12% from the prior quarter
- Reported revenue of \$844.9 million for the March 2013 quarter, down 2% from the prior quarter
- Reported GAAP gross margin of 40.2%, GAAP operating margin of 1.3% and GAAP diluted EPS of \$0.11
- Delivered non-GAAP gross margin of 43.9%, non-GAAP operating margin of 8.8%, and non-GAAP EPS of \$0.44
- Completed \$1.6 billion stock buyback reducing share count by approximately 5 million shares this quarter

	U.S. GAAP									
	March 2013				December 2012				Change Q/Q	
Revenue	\$	844,928			\$	860,886			-2	%
Operating Margin		1.3	%			0.5	%		+80 bps	
Net Income	\$	18,996			\$	6,408			+196.4	%
Diluted EPS	\$	0.11			\$	0.04			+\$0.07	

	Non-GAAP									
	March 2013				December 2012				Change Q/Q	
Revenue	\$	844,928			\$	860,886			-2	%
Operating Margin		8.8	%			11.5	%		-270 bps	
Net Income	\$	74,474			\$	77,278			-3.6	%
Diluted EPS	\$	0.44			\$	0.45			-\$0.01	

Revenue for the period was \$844.9 million, gross margin was \$339.8 million, or 40.2% of revenue, operating expenses were \$329.0 million, and net income was \$19.0 million, or \$0.11 per diluted share on a GAAP basis. This compares to revenue of \$860.9 million, gross margin of \$315.4 million, or 36.6% of revenue, operating expenses of \$311.4 million, and net income of \$6.4 million, or \$0.04 per diluted share, for the December 2012 quarter.

Non-GAAP gross margin was \$370.7 million, or 43.9% of revenue, non-GAAP operating expenses were \$296.0 million, and non-GAAP net income was \$74.5 million, or \$0.44 per diluted share. This compares to non-GAAP gross margin of \$380.5 million, or 44.2% of revenue, non-GAAP operating expenses of \$281.5 million, and non-GAAP net income of \$77.3 million, or \$0.45 per diluted share, for the December 2012 quarter.

### Balance Sheet and Cash Flow Results

Cash and cash equivalents, short-term investments and restricted cash and investment balances decreased to \$2.5 billion at the end of the March 2013 quarter, as planned, compared to \$2.7 billion at the end of the December 2012 quarter. This decrease was primarily the result of approximately \$243 million of stock repurchases, offset by approximately \$102 million in cash flow from operating activities during the March 2013 quarter.

Deferred revenue and deferred profit balances at the end of the March 2013 quarter increased to \$326.6 million and \$193.3 million, respectively, as compared to \$282.0 million and \$169.0 million, respectively, at the end of the December 2012 quarter. 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 \$49.9 million as of March 31, 2013.

Region	Shipments	Revenue
North America	21%	26%
Europe	9%	10%
Japan	11%	11%
Korea	12%	14%
Taiwan	33%	26%
Asia Pacific	14%	13%

#### Use of Non-GAAP Financial Results

In addition to U.S. GAAP results, this commentary also contains non-GAAP financial results. The Company's non-GAAP results for both the March 2013 and December 2012 quarters exclude costs associated with the fair value impact of acquisition-related inventory, amortization related to intangible assets acquired in the Novellus transaction, certain integration-related costs, the amortization of convertible note discounts, and rationalization of certain product configurations. Additionally, the March 2013 quarter non-GAAP results exclude the impairment of an investment, tax benefit on reinstatement of R&D tax credit, and tax expense associated with legal entity integration, and the December 2012 quarter non-GAAP results exclude restructuring charges and tax benefits from the successful resolution of certain tax matters.

Management uses non-GAAP gross margin, operating income, operating expenses, operating margin, net income, and net income per diluted share to evaluate the Company's operating and financial results. The Company believes the presentation of non-GAAP results is useful to investors for analyzing business trends and comparing performance to prior periods, along with enhancing the investors' ability to view the Company's results from management's perspective. Tables presenting reconciliations of non-GAAP results to U.S. GAAP results are included at the end of this press release and on the Company's web site at <http://investor.lamresearch.com>.

#### Caution Regarding Forward-Looking Statements

Statements made in this press release that are not of historical fact are forward-looking statements and are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to, but are not limited to, the anticipated revenue from shipments to Japanese customers, our expectations for growth and future demand for semiconductor equipment, our ability to execute as an integrated company, our ability to build on our technology leadership, our ability to strengthen our competitive differentiation, our ability to make progress against multi-year goals, and our plans pertaining to expense management, funding technology investments and positioning our products with customers as well as our ability to execute those plans. Some factors that may affect these forward-looking statements include: business conditions in the consumer electronics industry, the semiconductor industry and the overall economy; the strength of the financial performance of our existing and prospective customers; the introduction of new and innovative technologies; the occurrence and pace of technology transitions and conversions; the actions of our competitors, consumers, semiconductor companies and key suppliers and subcontractors; and the success of research and development and sales and marketing 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 by us with the Securities and Exchange Commission, including specifically our report on Form 10-K for the year ended June 24, 2012 and Form 10-Qs for the three months ended September 23, 2012 and December 23, 2012. 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.

#### About Lam Research

Lam Research Corp. is a major supplier of innovative wafer fabrication equipment and services to the worldwide semiconductor industry. For more than 30 years, the Company has driven continuous improvements in chip performance, power consumption, and cost, contributing to the global proliferation of smartphones, computers, tablets, and other electronic products. Lam Research has been the leading supplier of high-throughput plasma etch equipment for more than a decade and expanded its product offerings in 2008 to include single-wafer clean systems. The Company added thin-film deposition and wafer surface preparation technologies to its product portfolio in 2012 with the acquisition of Novellus Systems, Inc. Headquartered in Fremont, Calif., Lam Research maintains a global network of service facilities throughout North America, Asia, and Europe to rapidly meet the needs of its global customer base. It is an S&P 500® company whose common stock trades on the NASDAQ Global Select Market(SM) under the symbol LRCX. For more information, please visit <http://www.lamresearch.com>.

Consolidated Financial Tables Follow.

LAM RESEARCH CORPORATION													
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS													
(in thousands, except per share data and percentages)													
(unaudited)													
Three Months Ended							Nine Months Ended						
	March 31,		December 23,		March 25,		March 31,		March 25,				
	2013		2012		2012		2013		2012				
Revenue	\$	844,928	\$	860,886	\$	658,961	\$	2,612,702	\$	1,923,378			
Cost of goods sold		505,096		545,472		391,814		1,623,570		1,138,381			
Cost of goods sold - restructuring and impairments		-		-		-				(859)			
Total cost of goods sold		505,096		545,472		391,814		1,623,570		1,137,522			
Gross margin		339,832		315,414		267,147		989,132		785,856			
Gross margin as a percent of revenue		40.2	%	36.6	%	40.5	%	37.9	%	40.9			

Research and development		174,206			165,951			113,448			503,468			320,031	
Selling, general and administrative		154,807			144,400			95,581			453,070			259,037	
Restructuring and impairments		-			1,021			-			1,021			1,725	
Total operating expenses		329,013			311,372			209,029			957,559			580,793	
Operating income		10,819			4,042			58,118			31,573			205,063	
Operating margin as a percent of revenue		1.3	%		0.5	%		8.8	%		1.2	%		10.7	
Other expense, net		(15,834	)		(13,390	)		(3,568	)		(39,162	)		(23,426	
Income (loss) before income taxes		(5,015	)		(9,348	)		54,550			(7,589	)		181,637	
Income tax expense (benefit)		(24,011	)		(15,756	)		8,946			(35,761	)		30,983	
Net income	\$	18,996		\$	6,408		\$	45,604		\$	28,172		\$	150,654	
Net income per share:															
Basic net income per share	\$	0.12		\$	0.04		\$	0.38		\$	0.16		\$	1.25	
Diluted net income per share	\$	0.11		\$	0.04		\$	0.38		\$	0.16		\$	1.24	
Number of shares used in per share calculations:															
Basic		163,034			170,699			119,841			171,016			120,904	
Diluted		168,504			173,027			120,956			174,306			121,830	

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LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31,		December 23,		June 24,
	2013		2012		2012
	(unaudited)		(unaudited)		(1)

ASSETS								
Cash and cash equivalents	\$	1,019,109		\$	1,190,189		\$	1,564,752
Short-term investments		1,337,819			1,330,498			1,297,931
Accounts receivable, net		544,070			590,925			765,818
Inventories		545,036			530,272			632,853
Deferred income taxes		137,729			139,300			47,782
Other current assets		86,156			65,224			105,973

	Total current assets		3,669,919			3,846,408			4,415,109
	Property and equipment, net		594,916			590,547			584,596
	Restricted cash and investments		166,196			166,166			166,335
	Goodwill and intangible assets		2,562,986			2,608,221			2,686,730
	Other assets		152,285			151,822			151,882
	Total assets	\$	7,146,302		\$	7,363,164		\$	8,004,652
	LIABILITIES AND STOCKHOLDERS' EQUITY								
	Current liabilities	\$	801,013		\$	825,482		\$	1,426,928
	Long-term debt, convertible notes, and capital leases	\$	1,294,599		\$	1,286,729		\$	761,783
	Income taxes payable		250,339			260,063			274,240
	Other long-term liabilities		258,151			294,300			219,577
	Total liabilities		2,604,102			2,666,574			2,682,528
	Senior convertible notes		-			-			190,343
	Stockholders' equity (2)		4,542,200			4,696,590			5,131,781
	Total liabilities and stockholders' equity	\$	7,146,302		\$	7,363,164		\$	8,004,652

(1)	Derived from audited financial statements
(2)	Common shares issued and outstanding were 161,802 shares as of March 31, 2013, 165,846 shares as of December 23, 2012, and 186,656 shares as of June 24, 2012.

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LAM RESEARCH CORPORATION
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
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(in thousands)
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(unaudited)
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	Three Months Ended						Nine Months Ended							
	March 31,		December 23,		March 25,		March 31,		March 25,					
	2013		2012		2012		2013		2012					
CASH FLOWS FROM OPERATING ACTIVITIES:														
Net income	\$	18,996	\$	6,408	\$	45,604	\$	28,172	\$	150,654				
Adjustments to reconcile net income to net cash provided by operating activities:														
Depreciation and amortization		74,861		78,388		22,517		228,065		66,249				

	Deferred income taxes		(27,934	)		(7,320	)		3,723			(47,271	)		3,090	
	Restructuring and impairment charges, net		-			1,021			-			1,021			866	
	Equity-based compensation expense		25,648			24,027			16,417			74,089			52,385	
	Income tax benefit on equity-based compensation plans		(847	)		-			(1,048	)		(847	)		81	
	Excess tax benefit on equity-based compensation plans		903			-			(137	)		903			(2,292	
	Amortization of convertible note discount		7,935			7,843			6,750			23,530			20,014	
	Impairment of investment, net of foreign exchange effect		3,711			-			-			3,711			1,724	
	Other, net		6,115			13,673			1,165			30,838			3,671	
	Changes in operating assets and liabilities:		(6,931	)		69,186			51,406			202,734			105,871	
	Net cash provided by operating activities		102,457			193,226			146,397			544,945			402,313	
	CASH FLOWS FROM INVESTING ACTIVITIES:															
	Capital expenditures and intangible assets		(34,766	)		(38,924	)		(27,978	)		(117,655	)		(70,392	
	Cash paid for business acquisition		(400	)		(8,716	)		-			(9,116	)		-	
	Net purchases of available-for-sale securities		(12,075	)		(23,250	)		(282,225	)		(51,963	)		(371,678	
	Purchase of equity method investment		-			-			-			-			(10,740	
	Receipt of loan payment		-			-			-			-			8,375	
	Proceeds from sale of assets		-			660			-			660			2,677	
	Transfer of restricted cash and investments		(32	)		33			3			147			23	
	Net cash used for investing activities		(47,273	)		(70,197	)		(310,200	)		(177,927	)		(441,735	
	CASH FLOWS FROM FINANCING ACTIVITIES:															
	Principal payments on long-term debt and capital lease obligations		(756	)		(115	)		(1,024	)		(1,536	)		(4,164	
	Excess tax benefit on equity-based compensation plans		(903	)		-			137			(903	)		2,292	
	Net cash received in settlement (paid in advance for) stock		-			-			79,189			-			55,194	

repurchase contracts																
Treasury stock purchases			(243,297	)		(355,010	)		(18,909	)		(953,386	)		(111,604	
Reissuances of treasury stock related to employee stock purchase plan			8,494			-			7,902			18,419			16,760	
Proceeds from issuance of common stock			15,132			6,583			301			22,666			1,776	
		Net cash provided by (used for) financing activities	(221,330	)		(348,542	)		67,596			(914,740	)		(39,746	
Effect of exchange rate changes on cash			(4,934	)		4,236			(454	)		2,079			(2,697	
Net decrease in cash and cash equivalents			(171,080	)		(221,277	)		(96,661	)		(545,643	)		(81,865	
Cash and cash equivalents at beginning of period			1,190,189			1,411,466			1,506,928			1,564,752			1,492,132	
Cash and cash equivalents at end of period			\$	1,019,109		\$	1,190,189		\$	1,410,267		\$	1,019,109		\$	1,410,267

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Non-GAAP Financial Summary	
(in thousands, except percentages and per share data)	
(unaudited)	

	Three Months Ended		Three Months Ended	
	March 31,		December 23,	
	2013		2012	

Revenue	\$	844,928		\$	860,886	
Gross margin	\$	370,658		\$	380,475	
Gross margin as percentage of revenue		43.9	%		44.2	%
Operating expenses	\$	296,002		\$	281,499	
Operating income	\$	74,656		\$	98,976	
Operating margin as a percentage of revenue		8.8	%		11.5	%
Net income	\$	74,474		\$	77,278	
Net income per diluted share	\$	0.44		\$	0.45	
Shares used in per share calculation - diluted		168,504			173,027	

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

(unaudited)

	Three Months Ended			Three Months Ended	
	March 31,			December 23,	
	2013			2012	
U.S. GAAP net income	\$	18,996		\$	6,408
Pre-tax non-GAAP items:					
Costs associated with rationalization of certain product configurations - cost of goods sold		207			17,434
Amortization related to intangible assets acquired in Novellus transaction - cost of goods sold		20,763			20,745
Acquisition-related inventory fair value impact - cost of goods sold		7,448			26,882
Integration costs - cost of goods sold		2,408			-
Integration costs - operating expenses		13,123			8,971
Amortization related to intangible assets acquired in Novellus transaction - operating expenses		19,445			19,438
Restructuring charges - operating expenses		-			1,021
Costs associated with rationalization of certain product configurations - operating expenses		443			443
Amortization of convertible note discount, Lam notes - other expense, net		7,075			6,992
Amortization of convertible note discount, Novellus assumed notes - other expense, net		893			821
Impairment of investment - other expense, net		3,711			-
Net tax benefit on non-GAAP items		(11,700)	)		(14,883)
Tax benefit on reinstatement of R&D tax credit		(11,493)	)		-
Tax expense associated with legal entity integration		3,155			-
Net tax benefit on successful resolution of certain tax matters		-			(16,994)
Non-GAAP net income	\$	74,474		\$	77,278
Non-GAAP net income per diluted share	\$	0.44		\$	0.45
Number of shares used for diluted per share calculation		168,504			173,027

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

(in thousands, except percentages)

(unaudited)

	Three Months Ended			Three Months Ended	
	March 31,			December 23,	
	2013			2012	
U.S. GAAP gross margin	\$	339,832		\$	315,414
Pre-tax non-GAAP items:					
Costs associated with rationalization of certain product configurations - cost of goods sold		207			17,434
Amortization related to intangible assets acquired in Novellus transaction - cost of goods sold		20,763			20,745

Acquisition-related inventory fair value impact - cost of goods sold		7,448			26,882	
Integration costs - cost of goods sold		2,408			-	
Non-GAAP gross margin	\$	370,658		\$	380,475	
U.S. GAAP gross margin as a percentage of revenue		40.2	%		36.6	%
Non-GAAP gross margin as a percentage of revenue		43.9	%		44.2	%
U.S. GAAP operating expenses	\$	329,013		\$	311,372	
Pre-tax non-GAAP items:						
Integration costs - operating expenses		(13,123	)		(8,971	)
Amortization related to intangible assets acquired in Novellus transaction - operating expenses		(19,445	)		(19,438	)
Restructuring charges - operating expenses		-			(1,021	)
Costs associated with rationalization of certain product configurations - operating expenses		(443	)		(443	)
Non-GAAP operating expenses	\$	296,002		\$	281,499	
Non-GAAP operating income	\$	74,656		\$	98,976	
Non-GAAP operating margin as a percent of revenue		8.8	%		11.5	%

Lam Research Corporation Contact:  
Shanye Hudson  
Investor Relations  
phone: 510-572-4589  
e-mail: [shanye.hudson@lamresearch.com](mailto:shanye.hudson@lamresearch.com)

Ed Rebello  
Corporate Communications  
phone: 510-572-6603  
e-mail: [edward.rebello@lamresearch.com](mailto:edward.rebello@lamresearch.com)

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