

Highlights for the March 2014 quarter were as follows:

- Shipments of \$1,264 million, up 11% from the prior quarter
- Revenue of \$1,227 million, up 10% from the prior quarter
- GAAP gross margin of 43.2%, GAAP operating margin of 15.6% and GAAP diluted EPS of \$0.96
- Non-GAAP gross margin of 45.5%, non-GAAP operating margin of 20.2%, and non-GAAP diluted EPS of \$1.26

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Revenue for the period was \$1,227 million, gross margin was \$530.8 million, or 43.2% of revenue, operating expenses were \$338.9 million, operating margin was 15.6% of revenue, and net income was \$164.4 million, or \$0.96 per diluted share on a GAAP basis. This compares to revenue of \$1,116 million, gross margin of \$487.8 million, or 43.7% of revenue, operating expenses of \$323.3 million, operating margin of 14.7% of revenue, and net income of \$149.0 million, or \$0.87 per diluted share, for the December 2013 quarter.

Non-GAAP gross margin was \$558.9 million or 45.5% of revenue, non-GAAP operating expenses were \$311.0 million, non-GAAP operating margin was 20.2% of revenue, and non-GAAP net income was \$216.4 million, or \$1.26 per diluted share. This compares to non-GAAP gross margin of \$510.8 million or 45.8% of revenue, non-GAAP operating expenses of \$302.1 million, non-GAAP operating margin of 18.7% of revenue, and non-GAAP net income of \$188.7 million or \$1.10 per diluted share for the December 2013 quarter.

"We began 2014 by delivering another solid quarter with record shipments, record revenue, sequential operating margin expansion and very strong free cash flow," stated Martin Anstice, Lam Research's president and chief executive officer. "The consistency of our results reinforces the potential to deliver sustained outperformance through solid execution of our growth strategy. We believe that our product portfolio combined with the scale of our new technology offerings create a unique opportunity for Lam through the multi-patterning, 3D device and advanced packaging industry transitions. Together this combination of capability and opportunity underscores our commitment to deliver growth and value for our customers and our shareholders alike."

Cash and cash equivalents, short-term investments, and restricted cash and investment balances increased to \$2.9 billion at the end of the March 2014 quarter compared to \$2.7 billion at the end of the December 2013 quarter. This increase was primarily the result of approximately \$290 million in cash flows from operating activities during the March 2014 quarter, partially offset by \$52 million of stock repurchases.

Deferred revenue and deferred profit balances at the end of the March 2014 quarter increased to \$431.5 million and \$257.3 million, respectively, as compared to \$405.0 million and \$224.4 million, respectively, at the end of the December 2013 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 \$56.7 million as of March 30, 2014.

Geographic Distribution

The geographic distribution of shipments and revenue during the March 2014 quarter is shown in the following table:

	Region		Shipments		Revenue	
	United States		11%		10%	
	Europe		5%		6%	
	Japan		11%		11%	
	Korea		28%		28%	
	Taiwan		22%		19%	
	China		20%		22%	
	Southeast Asia		3%		4%	

Outlook

For the June 2014 quarter, Lam is providing the following guidance:

	GAAP			Reconciling Items		Non-GAAP		
Shipments	\$1.15 Billion	+/-		\$50 Million	-	\$1.15 Billion	+/-	\$50 Million
Revenue	\$1.24 Billion	+/-		\$50 Million	-	\$1.24 Billion	+/-	\$50 Million
Gross margin	45%	+/-		1%	\$12 Million	46%	+/-	1%
Operating margin	17%	+/-		1%	\$38 Million	20%	+/-	1%
Earning per share	\$0.98	+/-		\$0.07	\$39 Million	\$1.21	+/-	\$0.07
Diluted share count	172 Million					172 Million		

Reconciling items include:

- Amortization related to intangible assets acquired in the Novellus transaction, \$12 million in gross margin.
- Amortization related to intangible assets acquired in the Novellus transaction, \$38 million in operating margin.
- Amortization related to intangible assets acquired in the Novellus transaction, \$38 million; the amortization of convertible note discounts, \$8 million; and the associated tax benefit for non-GAAP items (\$7) million, in earnings per share.

Use of Non-GAAP Financial Results

In addition to U.S. GAAP results, this press release also contains non-GAAP financial results. The Company's non-GAAP results for both the March 2014 and December 2013 quarters exclude rationalization of certain product configurations, amortization related to intangible assets acquired in the Novellus transaction, the impairment of long-lived assets, and the amortization of convertible note discounts. Additionally, the March 2014 quarter non-GAAP results exclude expenses associated with the synthetic lease impairment and the December 2013 quarter non-GAAP results exclude costs associated with the fair-value impact of acquisition-related inventory, certain integration-related costs, the gain on sale of an investment, and the tax benefit on 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 potential to deliver sustained outperformance, the results of our growth strategy, the opportunity created by our product portfolio combined with the scale of new technology offerings, the effect of multi-patterning, 3D device and advanced packaging industry transitions on our business, our ability to deliver growth and value for our customers and our shareholders, and our guidance for shipments, revenue, gross margin, operating margin, and earnings per share. 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 30, 2013 and Forms 10-Q for the three months ended September 29, 2013 and December 29, 2013. 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. (NASDAQ: LRCX) is a trusted global supplier of innovative wafer fabrication equipment and services to the semiconductor industry. Lam's broad portfolio of market-leading etch, deposition, strip, and wafer cleaning solutions help customers achieve success on the wafer by enabling device features that are 1,000 times smaller than a grain of sand, resulting in smaller, faster, and more power-efficient chips. Through collaboration, continuous innovation and delivering on commitments, Lam is transforming atomic-scale engineering and enabling our customers to shape the future of technology. Based in Fremont, Calif., Lam Research is an S&P 500® company whose common stock trades on the NASDAQ Global Select Market under the symbol LRCX. For more information, please visit <http://www.lamresearch.com>.

LAM RESEARCH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data and percentages)

(unaudited)

LAM RESEARCH CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

		March 30,		December 29,		June 30,
		2014		2013		2013
		(unaudited)		(unaudited)		(1)
ASSETS						
Cash and cash equivalents	\$	1,292,301	\$	1,132,555	\$	1,162,473
Short-term investments		1,462,171		1,389,735		1,334,745
Accounts receivable, net		818,390		909,720		602,624
Inventories		717,356		661,572		559,317
Other current assets		157,131		155,454		134,670
Total current assets		4,447,349		4,249,036		3,793,829
Property and equipment, net		552,591		546,193		603,910
Restricted cash and investments		143,914		166,395		166,536
Goodwill and intangible assets		2,408,913		2,453,066		2,526,541
Other assets		154,600		141,108		159,499
Total assets	\$	7,707,367	\$	7,555,798	\$	7,250,315
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities	\$	1,542,705	\$	1,522,572	\$	1,404,475
Long-term debt, convertible notes, and capital leases	\$	810,688	\$	803,276	\$	789,256
Income taxes payable		251,080		248,996		246,479
Other long-term liabilities		111,346		129,710		134,313
Total liabilities		2,715,819		2,704,554		2,574,523
Senior convertible notes		184,256		185,154		186,920
Stockholders' equity (2)		4,807,292		4,666,090		4,488,872
Total liabilities and stockholders' equity	\$	7,707,367	\$	7,555,798	\$	7,250,315

(1) Derived from audited financial statements

(2) Common shares issued and outstanding were 161,988 shares as of March 30, 2014, 162,169 shares as of December 29, 2013 and 162,873 shares as of June 30, 2013.

LAM RESEARCH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

Three Months Ended										Nine Months Ended											
	March 30,				December				March 31,				March 30,								
2014										29, 2013				2013				2014			
CASH FLOWS FROM OPERATING ACTIVITIES:																					
Net income	\$	164,396				\$	148,992				\$	18,996				\$	398,894				
Adjustments to reconcile net income to net cash provided by operating activities:																					
Depreciation and amortization		73,256					73,552					74,861					221,139				
Deferred income taxes		(816	)				12,457					(27,934	)				11,641		
Impairment of long-lived asset		4,000					628					-					11,632				
Equity-based compensation expense		24,334					23,046					25,648					70,615				
Amortization of convertible note discount		8,313					8,217					7,935					24,652				
Impairment of investment, net of foreign exchange effect		-					-					3,711					-				
Other, net		2,741					(2,428			)		6,171					4,428		
Changes in operating assets and liabilities:		13,986					(135,441)		(6,931)		(271,843)	
Net cash provided by operating activities		290,210					129,023					102,457					471,158				
CASH FLOWS FROM INVESTING ACTIVITIES:																					
Capital expenditures and intangible assets		(41,638)				(38,323)		(34,766)		(103,739)	
Cash paid for business acquisition		-					(18,388)		(400)		(18,388)	
Net purchases of available-for-sale securities		(82,744)				(88,754)		(12,075)		(128,931)	
Repayments of notes receivable		-					10,000					-					10,000				
Proceeds from sale of assets		-					21,635					-					21,635				
Transfer of restricted cash and investments		28,572					-					(32			)		28,722		
Net cash used for investing activities		(95,810)				(113,830)		(47,273)		(190,701)	
CASH FLOWS FROM FINANCING ACTIVITIES:																					

Principal payments on long-term debt and capital lease obligations		(112)	)			(719)	)			(756)	)			(919))	
Excess tax benefit on equity-based compensation plans		(296)	)			-				(903)	)			(296))	
Treasury stock purchases		(52,415)	)			(47,910)	)			(243,297)	)			(204,610))	
Reissuances of treasury stock related to employee stock purchase plan		13,210				(35)	)			8,494				28,329		
Proceeds from issuance of common stock		5,111				8,449				15,132				26,134		
Net cash used for financing activities		(34,502)	)			(40,215)	)			(221,330)	)			(151,362))	
Effect of exchange rate changes on cash		(152)	)			1,393				(4,934)	)			733		
Net increase (decrease) in cash and cash equivalents		159,746				(23,629)	)			(171,080)	)			129,828		
Cash and cash equivalents at beginning of period		1,132,555				1,156,184				1,190,189				1,162,473		
Cash and cash equivalents at end of period	\$	1,292,301			\$	1,132,555			\$	1,019,109			\$	1,292,301		

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Non-GAAP Financial Summary

(in thousands, except percentages and per share data)

(unaudited)

		Three Months Ended			Three Months Ended	
		March 30,			December 29,	
		2014			2013	

Revenue		\$	1,227,392			\$	1,116,061	
Gross margin		\$	558,881			\$	510,769	
Gross margin as percentage of revenue			45.5	%			45.8	%
Operating expenses		\$	311,046			\$	302,103	
Operating income		\$	247,835			\$	208,666	
Operating margin as a percentage of revenue			20.2	%			18.7	%
Net income		\$	216,384			\$	188,745	
Net income per diluted share		\$	1.26			\$	1.10	
Shares used in per share calculation - diluted			171,636				171,757	

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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 30,				December 29,		
		2014				2013		
U.S. GAAP net income		\$	164,396			\$	148,992	
Pre-tax non-GAAP items:								
Amortization related to intangible assets acquired in Novellus transaction - cost of goods sold			21,670				21,491	
Costs associated with rationalization of certain product configurations - cost of goods sold			4,855				-	
Acquisition-related inventory fair value impact - cost of goods sold			-				1,225	
Integration costs - cost of goods sold			-				264	
Synthetic lease impairment - cost of good sold			1,558				-	
Integration costs - operating expenses			-				2,785	
Amortization related to intangible assets acquired in Novellus transaction - operating expenses			16,537				16,953	
Costs associated with rationalization of certain product configurations - operating expenses			1,922				846	
Impairment of long lived asset - operating expenses			4,000				628	
Synthetic lease impairment - operating expenses			5,356				-	
Amortization of convertible note discount, Lam notes - other expense, net			7,416				7,329	
Amortization of convertible note discount, Novellus assumed notes - other expense, net			999				762	
Gain on sale of investment - other expense, net			-				(4,813))
Net tax benefit on non-GAAP items			(12,325)	)			(6,404))
Net tax benefit on successful resolution of certain tax matters			-				(1,313))
Non-GAAP net income		\$	216,384			\$	188,745	
Non-GAAP net income per diluted share		\$	1.26			\$	1.10	
Number of shares used for diluted per share calculation			171,636				171,757	

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 30,				December 29,		
		2014				2013		
U.S. GAAP gross margin		\$	530,798			\$	487,789	
Pre-tax non-GAAP items:								

Amortization related to intangible assets acquired in Novellus transaction - cost of goods sold			21,670				21,491	
Costs associated with rationalization of certain product configurations - cost of goods sold			4,855				-	
Acquisition-related inventory fair value impact - cost of goods sold			-				1,225	
Integration costs - cost of goods sold			-				264	
Synthetic lease impairment - cost of good sold			1,558				-	
Non-GAAP gross margin		\$	558,881			\$	510,769	
U.S. GAAP gross margin as a percentage of revenue			43.2		%		43.7	%
Non-GAAP gross margin as a percentage of revenue			45.5		%		45.8	%
U.S. GAAP operating expenses		\$	338,861			\$	323,315	
Pre-tax non-GAAP items:								
Integration costs - operating expenses			-				(2,785)
Amortization related to intangible assets acquired in Novellus transaction - operating expenses			(16,537		)		(16,953)
Costs associated with rationalization of certain product configurations - operating expenses			(1,922		)		(846)
Impairment of long lived asset - operating expenses			(4,000		)		(628)
Synthetic lease impairment - operating expenses			(5,356)		-	
Non-GAAP operating expenses		\$	311,046			\$	302,103	
Non-GAAP operating income		\$	247,835			\$	208,666	
Non-GAAP operating margin as a percent of revenue			20.2		%		18.7	%

Lam Research Corporation Contacts:
Shanye Hudson
Investor Relations
phone: 510-572-4589
e-mail: shanye.hudson@lamresearch.com

Source: Lam Research Corporation

News Provided by Acquire MediaFREMONT, CA -- (Marketwired) -- 04/23/14 -- Lam Research Corp. (NASDAQ: LRCX) today announced financial results for the quarter ended March 30, 2014.

Highlights for the March 2014 quarter were as follows:

- Shipments of \$1,264 million, up 11% from the prior quarter
- Revenue of \$1,227 million, up 10% from the prior quarter
- GAAP gross margin of 43.2%, GAAP operating margin of 15.6% and GAAP diluted EPS of \$0.96
- Non-GAAP gross margin of 45.5%, non-GAAP operating margin of 20.2%, and non-GAAP diluted EPS of \$1.26

Lam Research Corporation										
Financial Highlights for the Quarters Ended March 30, 2014 and December 29, 2013										
(in thousands, except per share data and percentages)										
U.S. GAAP										
		March 2014				December 2013				Change Q/Q
Revenue		\$	1,227,392			\$	1,116,061			+10
Gross margin as percentage of revenue			43.2	%			43.7	%		-50 bps
Operating margin as percentage of revenue			15.6	%			14.7	%		+90 bps
Diluted EPS		\$	0.96			\$	0.87			+10
										%

Non-GAAP										
			March 2014				December 2013			Change Q/Q
Revenue		\$	1,227,392			\$	1,116,061			+10 %
Gross margin as percentage of revenue			45.5 %				45.8 %			-30 bps
Operating margin as percentage of revenue			20.2 %				18.7 %			+150 bps
Diluted EPS		\$	1.26			\$	1.10			+15 %

GAAP Financial Results

Revenue for the period was \$1,227 million, gross margin was \$530.8 million, or 43.2% of revenue, operating expenses were \$338.9 million, operating margin was 15.6% of revenue, and net income was \$164.4 million, or \$0.96 per diluted share on a GAAP basis. This compares to revenue of \$1,116 million, gross margin of \$487.8 million, or 43.7% of revenue, operating expenses of \$323.3 million, operating margin of 14.7% of revenue, and net income of \$149.0 million, or \$0.87 per diluted share, for the December 2013 quarter.

Non-GAAP Financial Results

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Balance Sheet and Cash Flow Results

Cash and cash equivalents, short-term investments, and restricted cash and investment balances increased to \$2.9 billion at the end of the March 2014 quarter compared to \$2.7 billion at the end of the December 2013 quarter. This increase was primarily the result of approximately \$290 million in cash flows from operating activities during the March 2014 quarter, partially offset by \$52 million of stock repurchases.

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Outlook

For the June 2014 quarter, Lam is providing the following guidance:

	GAAP				Reconciling Items		Non-GAAP		
Shipments	\$1.15 Billion	+/-		\$50 Million	-		\$1.15 Billion	+/-	\$50 Million
Revenue	\$1.24 Billion	+/-		\$50 Million	-		\$1.24 Billion	+/-	\$50 Million
Gross margin	45%	+/-		1%	\$12 Million		46%	+/-	1%
Operating margin	17%	+/-		1%	\$38 Million		20%	+/-	1%
Earning per share	\$0.98	+/-		\$0.07	\$39 Million		\$1.21	+/-	\$0.07

Diluted share count 172 Million

172 Million

Reconciling items include:

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About Lam Research

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Consolidated Financial Tables Follow.

LAM RESEARCH CORPORATION

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(unaudited)

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			March 30,			December			March 31,			March 30,											
2014						29, 2013						2013						2014					
Revenue			\$	1,227,392				\$	1,116,061				\$	844,928				\$	3,358,512				
Cost of goods sold			696,594				628,272				505,096				1,908,067								
		Gross margin		530,798				487,789				339,832				1,450,445							
Gross margin as a percent of revenue			43.2		%		43.7		%		40.2		%		43.2		%						
Research and development				185,978				174,477				174,206				531,022							
Selling, general and administrative			152,883				148,838				154,807				457,604								
		Total operating expenses		338,861				323,315				329,013				988,626							

Operating income			191,937				164,474				10,819				461,819			
		Operating margin as a percent of revenue		15.6	%			14.7	%			1.3	%			13.8	%	
Other expense, net			(9,855)				(3,837)				(15,834)				(27,954)			
		Income (loss) before income taxes		182,082				160,637				(5,015)				433,865		
Income tax expense (benefit)			17,686				11,645				(24,011)				34,971			
		Net income	\$	164,396			\$	148,992			\$	18,996			\$	398,894		
Net income per share:																		
	Basic net income per share		\$	1.01			\$	0.92			\$	0.12			\$	2.46		
	Diluted net income per share		\$	0.96			\$	0.87			\$	0.11			\$	2.33		
Number of shares used in per share calculations:																		
Basic			162,238				162,305				163,034				161,904			
	Diluted			171,636				171,757				168,504				171,051		

LAM RESEARCH CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

		March 30,		December 29,		June 30,
		2014		2013		2013
		(unaudited)		(unaudited)		(1)
ASSETS						
Cash and cash equivalents	\$	1,292,301	\$	1,132,555	\$	1,162,473
Short-term investments		1,462,171		1,389,735		1,334,745
Accounts receivable, net		818,390		909,720		602,624
Inventories		717,356		661,572		559,317
Other current assets		157,131		155,454		134,670
Total current assets		4,447,349		4,249,036		3,793,829
Property and equipment, net		552,591		546,193		603,910
Restricted cash and investments		143,914		166,395		166,536
Goodwill and intangible assets		2,408,913		2,453,066		2,526,541
Other assets		154,600		141,108		159,499
Total assets	\$	7,707,367	\$	7,555,798	\$	7,250,315

Three Months Ended										Nine Months Ended							
	March 30,			December			March 31,			March 30,							
	2014			29, 2013			2013			2014							
CASH FLOWS FROM OPERATING ACTIVITIES:																	
Net income	\$	164,396		\$	148,992		\$	18,996		\$	398,894						
Adjustments to reconcile net income to net cash provided by operating activities:																	
Depreciation and amortization		73,256			73,552			74,861			221,139						
Deferred income taxes		(816)			12,457			(27,934)			11,641						
Impairment of long-lived asset		4,000			628			-			11,632						
Equity-based compensation expense		24,334			23,046			25,648			70,615						
Amortization of convertible note discount		8,313			8,217			7,935			24,652						
Impairment of investment, net of foreign exchange effect		-			-			3,711			-						

[illegible]

Capital expenditures and intangible assets		(41,638	)			(38,323	)			(34,766	)			(103,739)	
Cash paid for business acquisition		-				(18,388	)			(400	)			(18,388)	
Net purchases of available-for-sale securities		(82,744	)			(88,754	)			(12,075	)			(128,931)	
Repayments of notes receivable		-				10,000				-				10,000		
Proceeds from sale of assets		-				21,635				-				21,635		
Transfer of restricted cash and investments		28,572				-				(32	)			28,722		
Net cash used for investing activities		(95,810	)			(113,830	)			(47,273	)			(190,701)	

CASH FLOWS FROM FINANCING ACTIVITIES:																	
Principal payments on long-term debt and capital lease obligations				(112)	)			(719)	)			(756)	)			(919))
Excess tax benefit on equity-based compensation plans				(296)	)			-				(903)	)			(296))
Treasury stock purchases				(52,415)	)			(47,910)	)			(243,297)	)			(204,610))
Reissuances of treasury stock related to employee stock purchase plan				13,210				(35)	)			8,494				28,329	
Proceeds from issuance of common stock				5,111				8,449				15,132				26,134	
		Net cash used for financing activities		(34,502)	)			(40,215)	)			(221,330)	)			(151,362))
Effect of exchange rate changes on cash				(152)	)			1,393				(4,934)	)			733	
Net increase (decrease) in cash and cash equivalents				159,746				(23,629)	)			(171,080)	)			129,828	
Cash and cash equivalents at beginning of period				1,132,555				1,156,184				1,190,189				1,162,473	
Cash and cash equivalents at end of period			\$	1,292,301			\$	1,132,555		\$		1,019,109		\$		1,292,301	

Non-GAAP Financial Summary

(in thousands, except percentages and per share data)

(unaudited)

		Three Months Ended				Three Months Ended		
		March 30,				December 29,		
		2014				2013		
Revenue		\$	1,227,392			\$	1,116,061	
Gross margin		\$	558,881			\$	510,769	
Gross margin as percentage of revenue			45.5	%			45.8	%
Operating expenses		\$	311,046			\$	302,103	
Operating income		\$	247,835			\$	208,666	
Operating margin as a percentage of revenue			20.2	%			18.7	%
Net income		\$	216,384			\$	188,745	
Net income per diluted share		\$	1.26			\$	1.10	
Shares used in per share calculation - diluted			171,636				171,757	

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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 30,				December 29,		
		2014				2013		
U.S. GAAP net income		\$	164,396			\$	148,992	
Pre-tax non-GAAP items:								
Amortization related to intangible assets acquired in Novellus transaction - cost of goods sold			21,670				21,491	
Costs associated with rationalization of certain product configurations - cost of goods sold			4,855				-	
Acquisition-related inventory fair value impact - cost of goods sold			-				1,225	
Integration costs - cost of goods sold			-				264	
Synthetic lease impairment - cost of good sold			1,558				-	
Integration costs - operating expenses			-				2,785	
Amortization related to intangible assets acquired in Novellus transaction - operating expenses			16,537				16,953	
Costs associated with rationalization of certain product configurations - operating expenses			1,922				846	
Impairment of long lived asset - operating expenses			4,000				628	
Synthetic lease impairment - operating expenses			5,356				-	

Amortization of convertible note discount, Lam notes - other expense,

net			7,416				7,329	
Amortization of convertible note discount, Novellus assumed notes - other expense, net			999				762	
Gain on sale of investment - other expense, net			-				(4,813)
Net tax benefit on non-GAAP items			(12,325	)			(6,404)
Net tax benefit on successful resolution of certain tax matters			-				(1,313)
Non-GAAP net income		\$	216,384			\$	188,745	
Non-GAAP net income per diluted share		\$	1.26			\$	1.10	
Number of shares used for diluted per share calculation			171,636				171,757	

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 30,				December 29,		
		2014				2013		
U.S. GAAP gross margin		\$	530,798			\$	487,789	
Pre-tax non-GAAP items:								
Amortization related to intangible assets acquired in Novellus transaction - cost of goods sold			21,670				21,491	
Costs associated with rationalization of certain product configurations - cost of goods sold			4,855				-	
Acquisition-related inventory fair value impact - cost of goods sold			-				1,225	
Integration costs - cost of goods sold			-				264	
Synthetic lease impairment - cost of good sold			1,558				-	
Non-GAAP gross margin		\$	558,881			\$	510,769	
U.S. GAAP gross margin as a percentage of revenue			43.2	%			43.7	%
Non-GAAP gross margin as a percentage of revenue			45.5	%			45.8	%
U.S. GAAP operating expenses		\$	338,861			\$	323,315	
Pre-tax non-GAAP items:								
Integration costs - operating expenses			-				(2,785)
Amortization related to intangible assets acquired in Novellus transaction - operating expenses			(16,537	)			(16,953)
Costs associated with rationalization of certain product configurations - operating expenses			(1,922	)			(846)
Impairment of long lived asset - operating expenses			(4,000	)			(628)
Synthetic lease impairment - operating expenses			(5,356)			-	
Non-GAAP operating expenses		\$	311,046			\$	302,103	
Non-GAAP operating income		\$	247,835			\$	208,666	
Non-GAAP operating margin as a percent of revenue			20.2	%			18.7	%

phone: 510-572-4589
e-mail: shanye.hudson@lamresearch.com

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